

# State of Connecticut

## *STATE OF CONNECTICUT*

### COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended  
June 30, 2003

*Prepared by the Office of the  
State Comptroller*

NANCY WYMAN  
STATE COMPTROLLER

*This publication will be made available, upon request, in large print, Braille or audio cassette pursuant to the requestor's requirements.*

[Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Office of the State Comptroller

The State Comptroller is one of the six State officers elected to hold office for a term of four years. The office of the State Comptroller was established in 1786 by an act of the General Assembly. The Constitutional Amendment of 1836 provided that the Comptroller be elected by the people in a manner similar to that of other State officers. Since 1838 this method has been in effect.

The Comptroller prescribes the mode of keeping and rendering all public accounts. She is required to adjust and settle all public accounts and demands, excepting grants and orders of the General Assembly. The Comptroller also renders a monthly accounting of the State's financial condition.

In addition, the Comptroller approves and records all obligations against the State. She maintains all official accounting records and is responsible for the employee payrolls for all State agencies, departments, and institutions. Her office administers all Retirement Systems other than Teachers' retirement. Additionally, the Comptroller administers numerous miscellaneous appropriations of the State.

[Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)





## STATE OF CONNECTICUT

NANCY WYMAN  
COMPTROLLER

**OFFICE OF THE STATE COMPTROLLER**  
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HARTFORD, CONNECTICUT 06106-1775

MARK OJAKIAN  
DEPUTY COMPTROLLER

January 30, 2004

To the Citizens of the State of Connecticut

It is our privilege to present this Comprehensive Annual Financial Report (CAFR) of the State of Connecticut for the fiscal year ended June 30, 2003. This report was prepared in its entirety by the Office of the State Comptroller. The Comptroller is responsible for state accounting practices and is committed to sound financial management and governmental accountability.

We believe that the financial statements are fairly presented in all material aspects. They are designed to set forth the financial position of the state, its operating results and the changes in net assets or fund balances of the major funds and non-major funds in the aggregate. All required disclosures have been included to assist the public, state policy makers, and the financial community in understanding the state's financial affairs.

The CAFR is designed to be in conformance with generally accepted accounting principles (GAAP) for governmental units as promulgated by the Governmental Accounting Standards Board as well as the reporting requirements prescribed by the Government Finance Officers Association. The Management's Discussion and Analysis (MDA) contains information that prior to 2002 was found within the letter of transmittal. In addition to the basic financial statements, the CAFR includes: combining financial statements that present information by fund category, certain narrative information that describes the individual fund categories, supporting schedules, and statistical tables.

### PROFILE OF THE STATE OF CONNECTICUT

Connecticut became the fifth state of the United States on January 9, 1788. Its borders encompass 5,009 square miles. Within its compact borders, Connecticut has forested hills, new urban skylines, shoreline beaches, and historic village greens. There are classic Ivy League schools, modern expressways, corporate offices, and small farms. Connecticut is a thriving center of business as well as a vacation location. It is both a New England State, and suburban to New York City. The population of Connecticut was 3,405,565 according to the 2000 U.S. Census. Five large cities, Bridgeport, New Haven, Hartford (the State Capitol since 1875), Stamford and Waterbury, have populations in excess of 100,000 residents.

State Government in Connecticut has three branches: executive, legislative and judicial. Voters elect six state officers: Governor, Lieutenant Governor, Treasurer, Comptroller, Secretary of State and Attorney General. All have four-year terms. Connecticut also elects two U.S. Senators and five U.S. Representatives. Connecticut's General Assembly or legislature has a Senate and a House of Representatives. The regular sessions of the General Assembly are held every year. These sessions run from January through June in odd-number years and from February through May in even-number years. The General Assembly reconvenes in special session to deal with emergencies or bills or appropriations vetoed by the Governor. Members of both houses represent districts based on population. There are currently 36 State Senators and 151 State Representatives. Members of the General Assembly are elected to two-year terms. The Judicial Department is composed of the Superior, Appellate and Supreme courts. Except for judges of the probate court, who are elected by the voters of the town or district that they serve, all judges are nominated by the Governor and appointed by the General Assembly.

Connecticut has no system of county government. Below the state level, governing units consist of 169 municipalities. The General Statutes of Connecticut provide procedures for the creation of many types of local special purpose authorities, districts and similar bodies. Under Connecticut law, all municipal governmental bodies have only the powers specifically granted to them by the state and the ancillary powers that are necessarily implied by the powers explicitly granted.

## **ECONOMIC CONDITION AND OUTLOOK**

After almost eight years of solid economic growth, Connecticut began to experience payroll job losses in Fiscal Year 2001. In Fiscal Years 2001, 2002 and 2003 the state's payroll job losses totaled 13,700, 10,300 and 19,100 respectively. Payroll employment for Connecticut was recorded at 1,653,000 jobs at the end of Fiscal Year 2003. The Fiscal Year 2003 job loss represented a 1.1 percent decline in employment as compared to a 0.4 percent job decline nationally during the same period. The first four months of Fiscal Year 2004 have been more promising with preliminary figures showing modest job growth.

Over the past ten years, Connecticut has experienced a shift in the industrial make-up of its workers with manufacturing jobs being replaced by service sector jobs. This is a trend that began several decades ago. In 1993, 17.7 percent of Connecticut workers were employed in manufacturing. By 2003, this number stood at 12.5 percent. Conversely, service sector employment rose from 36.7 percent to 40.7 percent of the workforce during this period. The diversification of Connecticut's workforce has helped to mitigate the economic consequences of declines in specific industries such as defense. Despite these shifts, manufacturing continues to play an important role in Connecticut's economic life contributing approximately 16 percent of Gross State Product. Transportation equipment production (primarily aircraft engines and submarines) is the dominant manufacturing industry in Connecticut. The state also has a vibrant export sector with export growth of 11.3 percent in 2000 and 7 percent in 2001. Exports contribute just over 5 percent to Gross State product.

Connecticut's unemployment rate was 4.9 percent at the end of Fiscal Year 2003 compared to a national rate of 6.4 percent. After a slight rise at the beginning of Fiscal Year 2004, the state's unemployment rate dropped back to 4.9 percent in October 2003.

One reason for the state's relatively low unemployment rate is stagnation in its labor force growth. Between Fiscal Years 1993 and 2003, Connecticut's labor force actually declined slightly. Nationally during this period the labor force was growing at an annual average rate of 1.4 percent. Reversing the trend of a declining state labor force will prove important to Connecticut's long-term economic growth potential. A slight acceleration in the state's population growth has been observed since 1996. A continuation of this trend should also contribute to labor force growth.

Connecticut continues to be a national leader in income measurements. Connecticut's 2002 per capita income of \$42,829 was 38.9 percent above the national average. Connecticut's median household income of \$53,347 was 26.3 percent above the national average. Although Connecticut continues to hold its position as a high-income state, its comparative advantage over the rest of the country has declined through the first half of 2003. Through the first two quarters of 2003, Connecticut ranked 42nd in the country in personal income growth. It is projected that as Connecticut emerges from recession and job losses, its comparative income advantage will reemerge.

Connecticut's housing market remained strong throughout the recent recession. Historically low interest rates contributed to the strong real estate activity. Home sales advanced at double-digit growth rates and home prices in the greater Hartford-New Haven area increased by 14 percent through the first three quarters of 2003 as compared to the same period a year earlier.

Preliminary estimates point toward a growing national economy as 2003 ends. This bodes well for Connecticut's economic future. In the third quarter of 2003, preliminary estimates show Gross Domestic Product growth of 8.2 percent.

## **MAJOR GOVERNMENT INITIATIVES**

### ***Technology Initiative***

In July 2003, the state implemented the first phase of a new fully integrated, Internet based financial management and human resources system called Core-CT. The system provides a single point of entry for all state financial, human resources and payroll data. Core-CT contains central and agency accounting, purchasing, accounts payable, assets, inventory, payroll, time and attendance, worker's compensation, personnel and other business systems. The human resources/ payroll component of Core-CT came on-line in October 2003.

The implementation of Core-CT is the product of several years of work to improve the state's financial reporting and management information systems. This work is continuing with the development of additional system modules. Core-CT will ultimately allow the state to gather more detailed financial and personnel data than had been available in the past, and to better analyze the effectiveness and efficiency of governmental programs. Over the next decade it is anticipated that Core-CT will help the state to improve its delivery of services to the people of Connecticut and to reduce program costs through efficiencies.

From an information technology perspective, Core-CT has allowed the state to standardize and modernize its computer technology bringing uniformity to the computers, programming languages, and data base packages utilized by state government. Core-CT utilizes PeopleSoft ERP software.

### ***Tax Policy Initiatives***

By the beginning of Fiscal Year 2003, it was clear that the state was facing its second straight year of a significant General Fund deficit. Estimates during the first half of the fiscal year indicated that the deficit was in excess of half a billion dollars and growing. In February 2003, a deficit mitigation plan was enacted (Public Act 03-2). This plan raised General Fund revenue by an estimated \$439.8 million in Fiscal Year 2003 as detailed below.

- The personal income tax rate on the upper income bracket was raised from 4.5 percent to 5 percent for an estimated revenue gain of \$207.4 million.
- The sales and use tax base was expanded to include items such as media services, advertising, health clubs and magazines, adding \$10.4 million in revenue.
- The cigarette tax rate increased 40 cents to \$1.51 per pack, which was estimated to raise \$27.5 million in additional revenue.
- A surcharge of 20 percent was imposed on the corporation tax with a projected revenue gain of \$32.4 million.

Various other one-time revenue enhancements were implemented to add an additional \$70 million to General Fund revenue in Fiscal Year 2003.

### ***Downsizing the State's Workforce***

In response to growing Fiscal Year 2003 General Fund deficit estimates, the Governor and legislature took action to reduce state spending. A major part of the spending reduction plan included downsizing the state's workforce.

Beginning in December 2002, the Governor laid off 1,886 General Fund employees for estimated savings in Fiscal Year 2003 of \$9.2 million. These layoffs were in lieu of other state employee union concessions that were rejected by the Governor.

To achieve additional personnel savings, the legislature included an early retirement incentive program in its February deficit mitigation act. The program was intended to create \$36.9 million in Fiscal Year 2003 savings. Over 4,500 employees took advantage of the program.

The deficit mitigation plan contained an additional \$129.4 million in programmatic savings. Approximately half of this savings target was realized.

## **BUDGETARY AND OTHER CONTROL SYSTEMS**

In November 1992, electors approved an amendment to the State Constitution providing that the amount of general budget expenditures authorized for any fiscal year shall not exceed the estimated amount of revenue for such fiscal year. This amendment also provided a framework for placing a cap on budgeted appropriations. Annual budgeted appropriations are capped at a percentage increase that is based on either the five-year average annual growth in the state's personal income or inflation, whichever is higher. Debt service payments, certain statutory grants to distressed municipalities, and appropriations required by federal mandate or court order are excluded from the limits of the cap. The spending cap can be lifted if the Governor declares the existence of extraordinary circumstances and the General Assembly by a three-fifths vote approves appropriations in excess of the cap.

Budget control is maintained at the individual appropriation account level by agency as established in authorized appropriation bills. The allotment process exercises control over obligations or commitments. The Governor, through his budget office, allots funds for both budgeted and non-budgeted accounts and funds. The Governor is permitted to modify appropriations through the allotment process under certain circumstances and within percentage limitations specified by the General Assembly.

Elected officials, agency commissioners, directors of public benefit corporations and agency managers are responsible for establishing internal control structures. Good internal control systems ensure that: resource use is consistent with laws, regulations and policies; resources are safeguarded against waste, loss and misuse; and reliable data are obtained, maintained and fairly disclosed in reports. The Office of the State Comptroller has worked to improve the overall internal control environment in state government. This work has included improvements to the central state accounting system that advance internal control efforts.

### **RISK MANAGEMENT**

The state retains risk for certain property and liability claims, including workers' compensation. The State Insurance and Risk Management Board serves as the focal point of risk management and insurance matters, retaining a balance of commercially placed coverage and risk retention to provide optimal coverage at the minimum cost.

### **CASH MANAGEMENT**

The State Treasurer continually monitors cash flow to maximize the utilization of cash resources. During the year, temporary balances are invested in the state's short-term investment fund. This fund is a money market investment pool with investments consisting of certificates of deposit, bankers' acceptances, commercial paper, repurchase agreements, federal agency securities, and other investments with various ranges of maturities. The investment income and average yield rate for Fiscal Year 2003 for this fund was approximately \$60 million and 1.64 percent respectively.

Bank balances at June 30, 2003 were \$177.1 million of which about 67 percent was insured or protected by collateral.

### **INDEPENDENT AUDIT**

The Auditors of Public Accounts, who report to the legislature and are independent of the executive branch of government, have audited the accompanying financial statements in accordance with generally accepted auditing standards and their opinion has been included in this report.

### **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Connecticut for its Fiscal Year 2002 Comprehensive Annual Financial Report. The State of Connecticut has received a Certificate of Achievement



for the past thirteen consecutive years. We believe that our current report continues to conform to the Certificate of Achievement requirements, and we are submitting it to GFOA.

### **ACKNOWLEDGEMENTS**

I wish to express my personal thanks to the many individuals in various agencies and reporting units whose cooperation and assistance have made this report possible. In addition, I would like to thank the staff of my Budget and Financial Analysis Division for their diligent work on this report.

Sincerely,

Nancy Wyman  
State Comptroller

**[Introductory Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)**

# State of Connecticut

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of  
Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



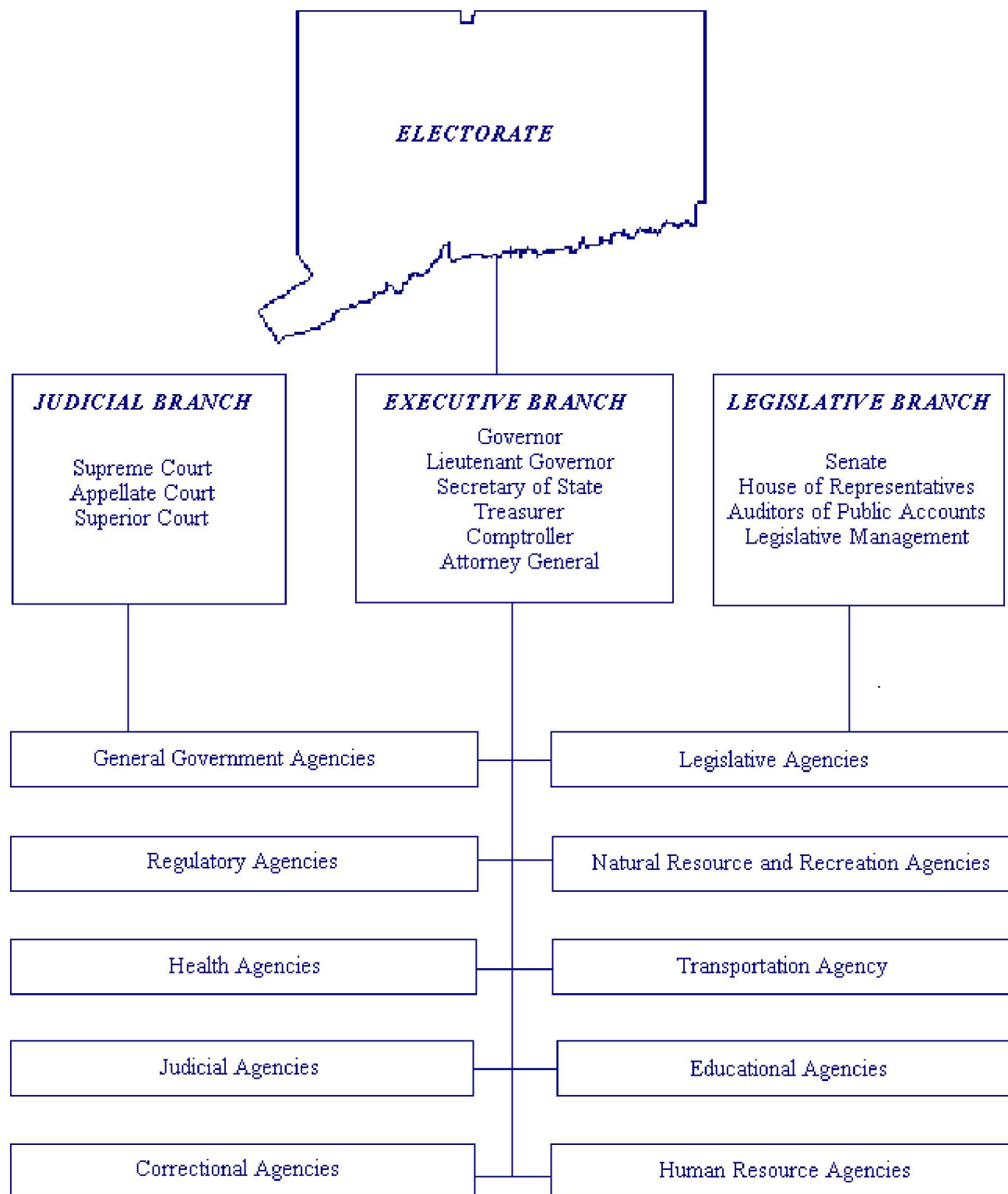
*Edward Haney*  
President

*Jeffrey R. Enos*  
Executive Director

[Introductory Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Organization Chart



# State of Connecticut

## *Selected State Officials (as of June 30, 2003)*

### ***EXECUTIVE***

John G. Rowland  
*Governor*

M. Jodi Rell  
*Lieutenant Governor*

Susan Bysiewicz  
*Secretary of State*

Denise L. Nappier  
*Treasurer*

Nancy Wyman  
*Comptroller*

Richard Blumenthal  
*Attorney General*

### ***JUDICIAL***

William M. Sullivan  
*Chief Justice*

### ***LEGISLATIVE***

Kevin B. Sullivan  
*President Pro Tempore of the State Senate*  
(36 Senators)

Moir K. Lyons  
*Speaker of the House of Representatives*  
(151 Representatives)

[Introductory Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



# State of Connecticut

## STATE OF CONNECTICUT



### AUDITORS OF PUBLIC ACCOUNTS

KEVIN P. JOHNSTON

210 CAPITOL AVENUE  
HARTFORD, CONNECTICUT 06106-1559

ROBERT G. JAEKLE

## INDEPENDENT AUDITORS' REPORT

Governor John G. Rowland  
Members of the General Assembly

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Connecticut as of and for the year ended June 30, 2003, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Connecticut's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit:

### Government-wide Financial Statements

- the financial statements of the Special Transportation Fund account within the Transportation Fund and the Transportation Special Tax Obligations account within the Debt Service Fund, which in the aggregate, represent seven percent of the assets and seven percent of the revenues of the Governmental Activities;
- the financial statements of the John Dempsey Hospital, University of Connecticut Foundation, Connecticut State University, and Connecticut Community Colleges accounts within the Higher Education Fund, Bradley International Airport, Connecticut Lottery Corporation, Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 59 percent of the assets and 50 percent of the revenues of the Business Type Activities;
- the financial statements of the discretely presented component units;

### Fund Financial Statements

- the financial statements of the Special Transportation Fund account, which represents 98 percent of the assets and 98 percent of the revenues of the Transportation Fund;
- the financial statements of the Transportation Special Tax Obligations account, which represents 100 percent of the assets and 100 percent of the revenues of the Debt Service Fund;
- the financial statements of the John Dempsey Hospital, University of Connecticut Foundation, Connecticut State University, and Connecticut Community-Technical Colleges accounts within the Higher Education Fund; Bradley International Airport; Connecticut Lottery Corporation; Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 59 percent of the assets and 50 percent of the revenues of the Enterprise Funds;

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned funds and accounts, is based on the reports of the other auditors. All of the aforementioned audits were conducted in accordance with auditing standards generally accepted in the United States of America. In addition, the audits of the Drinking Water Fund, Clean Water Fund, Bradley International Airport, Connecticut Lottery Corporation, Connecticut Resources

Recovery Authority, Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, Connecticut Development Authority, and Connecticut Innovations Incorporated were conducted in accordance with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, except that the audits of certain entities of the State, as described above, were not conducted in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the State of Connecticut as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2004, on our consideration of the State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As discussed in Note 23 to the financial statements, the State of Connecticut is a defendant in certain legal proceedings. The ultimate outcome of the litigation cannot presently be determined. Accordingly, no provision for any liability that may result upon adjudication has been made in the accompanying financial statements.

The management's discussion and analysis information on pages 17 through 28 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kevin P. Johnston  
Auditor of Public Accounts

Robert G. Jaekle  
Auditor of Public Accounts

January 30, 2004  
State Capitol  
Hartford, Connecticut

[Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)

The following discussion and analysis is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached basic financial statements. It is by necessity highly summarized, and in order to gain a thorough understanding of the state's financial position, the financial statements and footnotes should be viewed in their entirety.

### FINANCIAL HIGHLIGHTS

#### Government-wide:

Assets of the state's governmental activities were \$5.3 billion less than liabilities, a deterioration in financial position of \$0.7 billion related to current year operations. Assets of the state's business type activities exceeded liabilities by \$3.9 billion, an increase of \$0.1 billion related to current year operations. In total, net assets went from negative \$0.8 billion to a negative \$1.4 billion, a decrease in total net assets of \$0.6 billion.

As noted above, the liabilities of the state exceeded its assets by \$5.3 billion as of June 30, 2003. Of this amount, the unrestricted net asset portion was a negative \$9.2 billion. One reason for the negative balance is the state's reliance on issuing bonds to fund certain operating grants. General Obligation bonds outstanding as of June 30, 2003 that related to municipal school construction, and other operating grants and loans totaled \$3.3 billion. Additionally, long-term obligations such as net pension, compensated absences, and worker's compensation obligations of \$3.9 billion, with no offsetting assets, further contributed to the state's negative financial position.

#### Fund Level:

Governmental fund assets exceeded liabilities resulting in a fund balance of \$1.5 billion, of which \$1.6 billion was reserved leaving a negative unreserved balance of \$0.1 billion. The unreserved undesignated fund balance of the General Fund was also negative at \$0.8 billion at June 30, 2003.

Enterprise Fund assets exceeded liabilities resulting in total net assets of \$3.9 billion, of which \$3.8 billion was restricted or invested in capital assets, and the balance of \$0.1 billion was unrestricted.

#### Debt Issued and Outstanding:

Long-term bonded debt of governmental activities totaled \$12.5 billion (see Note 16). In addition, \$0.2 billion in Economic Recovery Notes was outstanding on June 30, 2003. Other long-term liabilities totaled \$3.9 billion.

## OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

There are three major parts to the basic financial statements: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### GOVERNMENT-WIDE STATEMENTS (Reporting the State as a Whole)

Governments have traditionally focused their reporting on groupings of funds rather than on the government taken as a whole. The GASB 34 financial reporting model, upon which this report is based, retains this traditional focus on funds and adds an additional focus on the overall government's financial position and operations.

The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the state as a whole and its activities. These statements help to demonstrate how the state's financial position as a whole changed due to the year's operating activities. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting.

The Statement of Net Assets presents all of the state's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets measure whether the state's financial position is improving or not.

The Statement of Activities presents information showing how the state's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will result in future fiscal year cash flows (e.g., earned but unused vacation time).

Both statements report three activities:

- *Governmental Activities* - Most of the state's basic services are reported under this category. Taxes and intergovernmental revenues generally fund these services. The legislature, the judiciary, and the general operations of the executive departments fall within the governmental activities.
- *Business-type Activities* - These activities are primarily funded by charges to external parties for the cost of goods and services provided. These activities are generally reported in Enterprise Funds in the fund level statements. The operations of Bradley International Airport, the Connecticut Lottery Corporation and Employment Security, are examples of business-type activities.
- *Discretely Presented Component Units* - Component units are legally separate organizations for which the state is financially accountable. More information on discretely presented component units can be found in Note 1 on page 61.

Financial reporting for governmental activities traditionally has focused on changes in current spendable resources rather than on changes in total resources. This traditional focus has been retained for purposes of fund reporting. However, as governmental activities are included with other activities in the government-wide financial statement format, the focus for these activities shifts to changes in total resources. In other words, all activities reported in government-wide financial statements are reported in a manner similar to private-sector accounting. To increase the readers understanding, a summary reconciliation of the difference between the governmental fund financial statements and the government-wide financial statements is provided as part of the basic financial statements (page 37).

## FUND LEVEL STATEMENTS

Fund financial statements focus on individual parts of the state's operations in more detail than the government-wide statements. Funds are accounting devices that governments use to keep track of specific sources of funding and spending for particular purposes. The state of Connecticut is required to report four categories of fund statements -governmental, proprietary, and fiduciary funds, to the extent that state activities meet the criteria for using these funds, and "combining statements" for its component units.

As a practical matter, governments have traditionally been combining similar individual funds into groupings or "fund types" (i.e., general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds, internal service funds and trust & agency funds). In the past, it was these fund types, rather than individual funds, that have been the focus of the combined financial statements presented in financial reports. Under the GASB 34 financial reporting model, as presented here, governments focus on major individual funds rather than on fund types (with aggregated information presented for the total of all non-major funds).

### Major Governmental Fund Financial Statements:

Governmental fund reporting focuses primarily on the sources uses and balances of current financial resources and often has a budgetary orientation. The state's major government funds include the General Fund, the



## Transportation Fund and the Debt Service Fund.

**General Fund.** The General Fund functions as the chief operating fund for the state government. All of the state's activities are reported in the General Fund unless there is a compelling reason to report them elsewhere.

**Transportation Fund.** The Transportation Fund is a special revenue fund that accounts for motor vehicle taxes, receipts and transportation related federal revenues collected for the purpose of payment of debt service requirements and for making appropriations budgeted for the Department of Transportation and the Department of Motor Vehicles and related expenses. The Department of Transportation is responsible for all aspects of the planning, development, maintenance and improvement of the state transportation system.

**Debt Service Fund.** The Debt Service Fund is a governmental fund, which accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Changes in budgetary reporting.** Traditionally, governments have included a budget-to-actual comparison as one of their basic financial statements. The final amended budget has provided the budgetary amounts used for this presentation. The GASB 34 financial reporting model brought three important changes to traditional practice.

- Budgetary comparisons present the original budget in addition to the final amended budget.
- In the past budgetary comparisons were presented by fund type (e.g., total budgeted special revenue funds). The GASB 34 financial reporting model requires a budgetary comparison for the General Fund and individual major special-revenue funds.
- Governments are permitted to present the budgetary comparison as a basic financial statement if they wish to do so, thereby retaining it within the scope of the independent audit. The state of Connecticut has elected to do so even though it is only required to present non-audited budgetary comparison statements as "required supplementary information".

## Major Proprietary Fund Financial Statements:

Proprietary funds (enterprise and internal service) are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting where all assets and liabilities are reported on the balance sheet. Revenues are recorded when earned and expenses are recorded when incurred. In accordance with the requirements of the GASB 34 reporting model utilized in preparation of this report:

- Proprietary fund reporting distinguish current assets and liabilities from non-current assets and liabilities.
- Traditionally, the equity of proprietary funds was divided between "contributed capital" and "retained earnings." Under the GASB 34 reporting model, such a distinction is no longer made. Three classifications are used under the GASB 34 reporting model to classify equity for proprietary funds and for the government-wide financial statements. These three classifications are 1) "invested in capital assets net of related debt," 2) "restricted" (distinguishing between major categories of restrictions) and 3) "unrestricted."

Enterprise funds report activities that provide goods or services to the general public. An example is the Connecticut Lottery. Internal service funds report activities that provide supplies and services to the state's other programs and activities. An example is the state's motor fleet operations. Internal service funds are reported as governmental activities on the government-wide statements.

## Fiduciary Fund Financial Statements:

The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust fund, private-purpose trust fund and agency funds. These fund types should be used to report resources held and administered by the state when it is acting in a fiduciary capacity for individuals, private organizations or other governments. Some of the important changes to traditional reporting include the following:

**Limitation on the use of fiduciary funds.** The use of fiduciary funds has been limited to accounting for resources that are not available to support a government's operations and programs. This limitation resulted in the non-fiduciary reclassification of numerous expendable and non-expendable trust funds reported in the Comprehensive Annual Financial Report prior to Fiscal Year 2002.

**Changes in fiduciary funds.** The distinction between expendable and non-expendable trust funds has been eliminated. Instead, some expendable trust funds have been reclassified and are now reported as special revenue funds while others have been replaced by the "private-purpose" trust fund. This fund type is used to report all trust arrangements under which principal and income are to be used to benefit individuals, private organizations or other governments. Non-expendable or endowment-like arrangements available to support the operations or programs of the government (e.g., cemetery perpetual care funds) are accounted for in a governmental fund type, newly created by GASB statement 34, called "permanent funds."

### **Component Unit Combining Statements:**

The same GASB 34 reporting rules regarding the determination of major funds are applied to the states component units. The Component units of the State of Connecticut are:

**Connecticut Housing Finance Authority.** Classified as the State's major component unit, the CHFA is a public instrumentality and political subdivision created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development and construction of housing for low and moderate income families.

**Connecticut Development Authority.** CDA's purpose is to stimulate commercial development.

**Connecticut Resources Recovery Authority.** CRRRA's purpose is solid waste management.

**Connecticut Higher Education Supplemental Loan Authority.** CHESLA's purpose is to provide resources for student loans.

**Connecticut Health and Educational Facilities Authority.** CHEFA's purpose is to provide resources for financing major projects for health and educational institutions.

**Connecticut Innovations, Incorporated.** CI's purpose is to stimulate application of new technology.

**Capital City Economic Development Authority.** CCEDA's purpose is to stimulate economic development in the city of Hartford.

## **FINANCIAL SECTION CONTENTS OTHER THAN FINANCIAL STATEMENTS**

**Notes To The Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

**Required supplementary information.** The RSI provides additional information regarding the States progress on funding its obligation to provide pension benefits to its employees.

**Combining Financial Statements.** Combining statements for non-major funds are not required to be presented or audited under generally accepted accounting principals. Nevertheless, Connecticut presents these statements as supplementary information, in the optional part of this report.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE**

### **NET ASSETS**

The following table was derived from the government-wide Statement of Net Assets. The state's combined net assets declined \$0.6 billion over the course of Fiscal Year 2003 operations. The net assets of governmental

activities decreased \$0.7 billion, while net assets from business-type activities increased \$0.1 billion.

### State Of Connecticut's Net Assets (in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
<b>ASSETS:</b>						
Current and Other Assets	\$ 3,114.3	\$ 3,373.4	\$ 3,767.3	\$ 3,940.4	\$ 6,881.6	\$ 7,313.8
Capital Assets	9,531.9	9,125.8	2,627.6	2,306.1	12,159.5	11,431.9
<b>Total Assets</b>	<b>12,646.2</b>	<b>12,499.2</b>	<b>6,394.9</b>	<b>6,246.5</b>	<b>19,041.1</b>	<b>18,745.7</b>
<b>LIABILITIES:</b>						
Current Liabilities	2,344.8	2,535.4	555.4	488.4	2,900.2	3,023.8
Long-term Liabilities	15,648.4	14,568.4	1,964.4	1,948.7	17,612.8	16,517.1
<b>Total Liabilities</b>	<b>17,993.2</b>	<b>17,103.8</b>	<b>2,519.8</b>	<b>2,437.1</b>	<b>20,513.0</b>	<b>19,540.9</b>
<b>NET ASSETS:</b>						
Invested in Capital Assets,						
Net of Related Debt	2,622.4	2,348.4	2,092.6	1,847.5	4,715.0	4,195.9
Restricted	1,233.9	1,244.2	1,650.1	1,855.5	2,884.0	3,099.7
Unrestricted	(9,203.3)	(8,197.2)	132.4	106.4	(9,070.9)	(8,090.8)
<b>Total Net Assets</b>	<b>\$ (5,347.0)</b>	<b>\$ (4,604.6)</b>	<b>\$ 3,875.1</b>	<b>\$ 3,809.4</b>	<b>\$ (1,471.9)</b>	<b>\$ (795.2)</b>

The following condensed financial information was derived from the government-wide Statement of Activities and reflects the nature of the state's change in net assets throughout Fiscal Year 2003.

### State of Connecticut's Changes in Net Assets (Expressed in Millions)

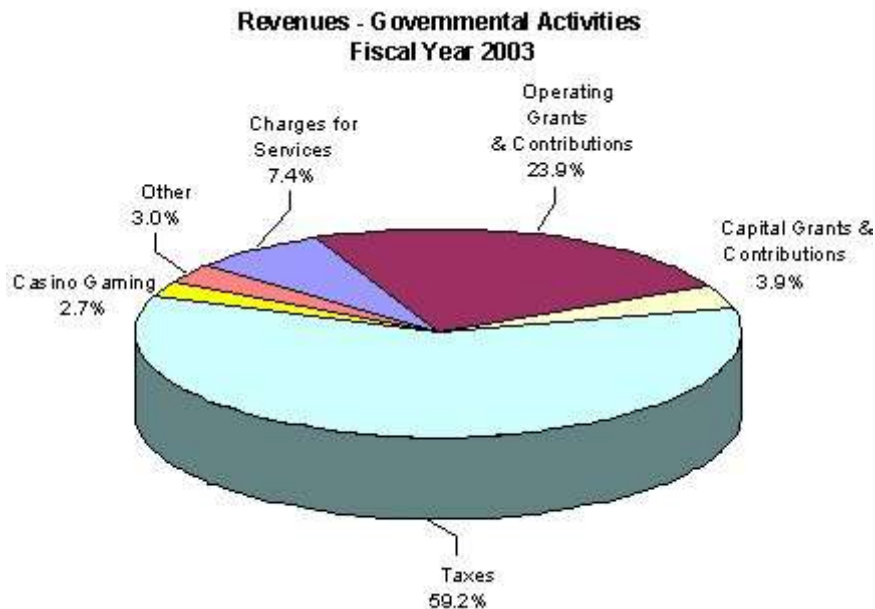
	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
<b>REVENUES</b>						
Program Revenues						
Charges for Services	1,072.9	\$ 941.9	\$ 2,594.8	\$ 2,409.7	\$ 3,667.7	\$ 3,351.6
Operating Grants and Contributions	3,489.2	3,320.1	456.2	447.7	3,945.5	3,767.8
Capital Grants and Contributions	562.6	509.1	10.2	37.8	572.8	546.9
General Revenues						
Taxes	8,644.7	8,292.6	-	-	8,644.7	8,292.6
Casino Gaming Payments	387.3	369.0	-	-	387.3	369.0
Other	208.5	229.5	111.3	98.8	319.8	328.3
<b>Total Revenues</b>	<b>14,365.2</b>	<b>13,662.2</b>	<b>3,172.5</b>	<b>2,994.0</b>	<b>17,537.8</b>	<b>16,656.2</b>
<b>EXPENSES</b>						
Legislative	80.2	80.2	-	-	80.2	80.2
General Government	1,145.6	1,340.0	-	-	1,145.6	1,340.0
Regulation and Protection	574.7	627.4	-	-	574.7	627.4
Conservation and Development	410.2	434.4	-	-	410.2	434.4
Health and Hospitals	1,711.1	1,664.1	-	-	1,711.1	1,664.1
Transportation	941.3	1,366.1	-	-	941.3	1,366.1
Human Services	4,138.9	3,882.7	-	-	4,138.9	3,882.7
Education, Libraries and Museums	3,090.6	3,000.3	-	-	3,090.6	3,000.3
Corrections	1,450.4	1,355.1	-	-	1,450.4	1,355.1
Judicial	555.8	538.4	-	-	555.8	538.4
Interest and Fiscal Charges	595.9	584.1	-	-	595.9	584.1



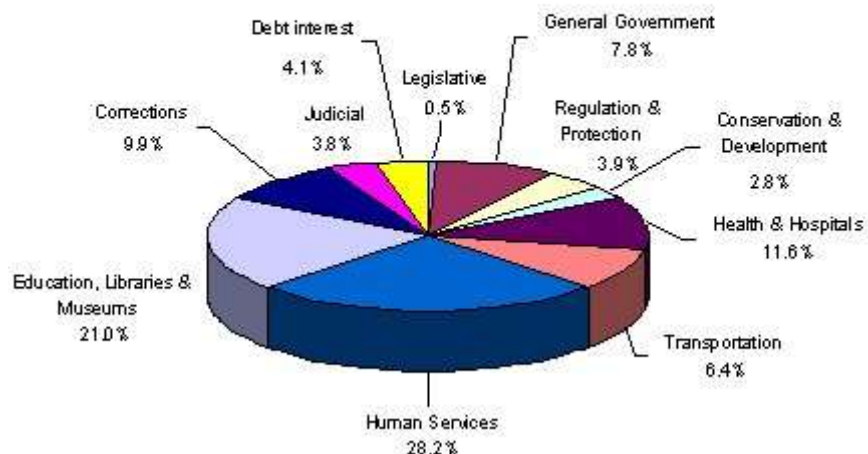
Higher Education	-	-	1,977.9	1,869.9	1,977.9	1,869.9
Bradley International Airport	-	-	54.3	50.4	54.3	50.4
CT Lottery Corporation	-	-	643.2	672.1	643.2	672.1
Employment Security	-	-	963.2	736.3	963.2	736.3
Second Injury & Compensation Assurance	-	-	-	61.2	-	61.2
Clean Water	-	-	29.4	30.9	29.4	30.9
Other	-	-	72.6	19.2	72.6	19.2
<b>Total Expenses</b>	14,694.7	14,872.8	3,740.7	3,440.0	18,435.4	18,312.8
Excess (Deficiency) Before Transfers and Special Items	(329.5)	(1,210.6)	(568.2)	(446.0)	(897.6)	(1,656.6)
Transfers	(640.2)	(657.0)	640.3	657.0	0.1	-
Special Items	227.3	-	(6.5)	(4.5)	220.8	(4.5)
<b>Increase (Decrease) in Net Assets</b>	(742.4)	(1,867.6)	65.6	206.5	(676.8)	(1,661.1)
Net Assets (Deficit) - Beginning (Restated)	(4,604.6)	(2,737.0)	3,809.4	3,602.9	(795.1)	865.9
<b>Net Assets (Deficit) - Ending</b>	(5,347.0)	\$ (4,604.6)	\$ 3,875.1	\$ 3,809.4	(1,471.9)	\$ (795.2)

## GOVERNMENTAL ACTIVITIES

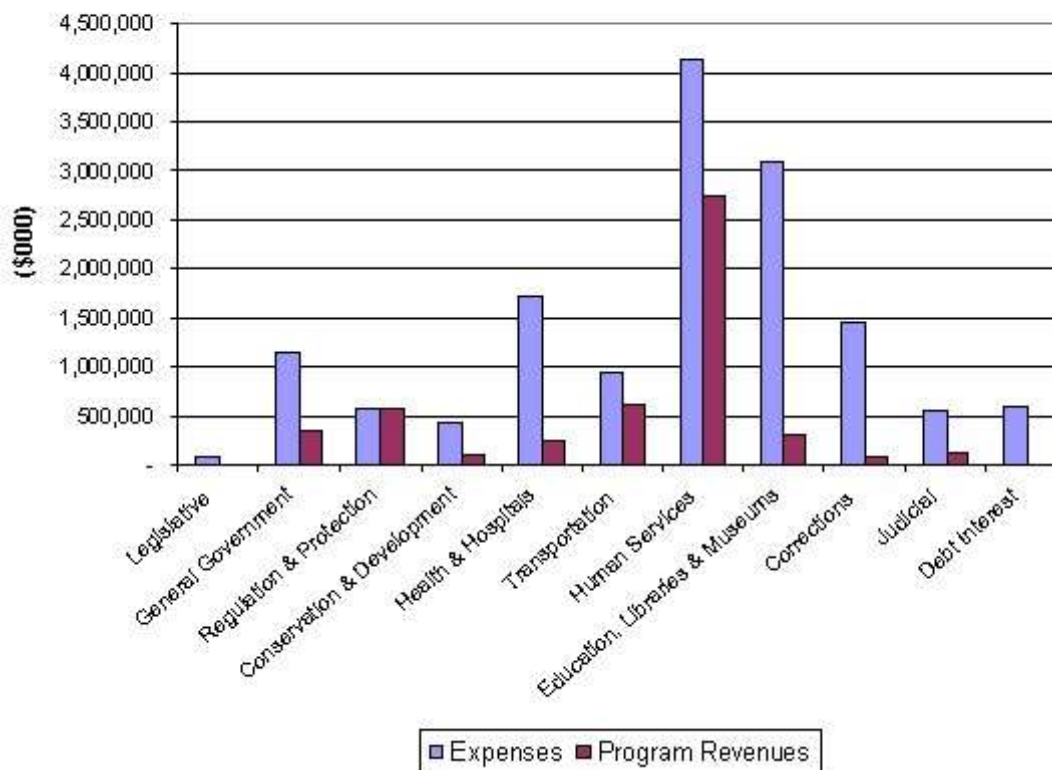
The following charts depict the distribution of revenues and expenses for Fiscal Year 2003.



### Expenses- Governmental Activities Fiscal Year 2003



### Expenses and Program Revenues - Governmental Activities Fiscal Year 2003



Within governmental activities, Fiscal Year 2003 program revenue receipts were \$9.5 billion less than expenses. General revenues supplemented the programmatic revenue shortfall. General revenues in governmental activities amounted to \$9.4 billion in Fiscal Year 2003. During Fiscal Year 2003, budget projections indicated that a gap between revenues and expenses had developed in the General Fund and would accelerate. In an effort to improve the state's future operating results, revenue enhancements were enacted and appropriations reduced during the course of Fiscal Year 2003 as discussed in the General Fund section of this MDA that follows.

Business-type activities saw an increase of \$0.1 billion or 1.8 percent through Fiscal Year 2003 operations. Higher-Education expenses accounted for 52.9 percent of business-type expenses and 39.1 percent of program revenues. Program revenues exceeded expenses in the Connecticut Lottery Corporation by \$0.2 billion.

## **FINANCIAL ANALYSIS OF THE STATE'S FUNDS**

The state completed Fiscal Year 2003 with a balance of \$1.5 billion in its governmental funds. There is a small shortfall or negative balance of \$0.1 billion in the unreserved portion of this fund balance. Fiscal Year 2003 operations had only a minor impact on the fund balance in governmental funds increasing the balance by \$30.5 million.

### **General Fund**

The General Fund is the chief operating fund of the state. At the end of Fiscal Year 2003, the General Fund had a negative fund balance of \$0.4 billion of which \$0.8 billion was unreserved. Fiscal Year 2003 operations increased the fund balance in the General Fund by \$33.2 million. Tax increases and other revenue enhancements enacted by the legislature during Fiscal Year 2003 (Public Act 03-2) generated an estimated \$485 million in additional revenue, and spending reductions introduced during the fiscal year were projected to save over \$100 million (the estimates are on a budgetary basis or modified cash basis of accounting). These actions helped avert a large General Fund operating deficit in Fiscal Year 2003.

By the end of the first quarter of Fiscal Year 2003, budget based forecasts were showing a large deficit building for the year. In response, deficit mitigation legislation was enacted as referenced above. Specific tax changes included: an increase in the top personal income tax rate from 4.5 percent to 5 percent, a 20 percent surtax on corporate earnings, elimination of various sales tax exemptions and a 40 cent increase in the cigarette tax. The legislation also included an additional \$72 million in one-time transfers to the General Fund to supplement the \$284.1 million that had already been budgeted for such transfers in Fiscal Year 2003. Spending reductions included layoffs, an early retirement program, and various directed programmatic reductions.

### **Transportation Fund**

The Transportation Fund ended Fiscal Year 2003 with a fund balance of \$0.2 billion of which \$0.1 billion was unreserved. Fund balance was reduced by \$61.6 million through Fiscal Year 2003 operations. The majority of this reduction was due to the transfer of \$52 million to the General Fund in accordance with Public Act 03-2.

### **Other Funds**

The other funds category includes the state's special revenue funds. These funds had a balance of \$1.1 billion on June 30, 2003 of which \$0.7 billion was unreserved.

In Fiscal Year 2003, expenditures exceeded revenues by \$1.2 billion in the other funds category. Bonds issued in the amount of \$1.6 billion provided an offset to this deficit. The state has a long history of utilizing bond proceeds to offset operating deficits within these funds.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets.**

The State of Connecticut's investment in capital assets for its governmental and business-type activities as of June 30, 2003 amounts to \$12.2 billion (net of accumulated depreciation). The increase in capital assets for governmental activities was 4.5% while the increase for business-type activities was 13.9%. Depreciation charges for the fiscal year totaled \$0.7 billion.

### **State of Connecticut's Capital Assets (Net of Depreciation, in Millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Land	\$ 911.8	\$ 863.6	\$ 44.8	\$ 46.1	\$ 956.6	\$ 909.7
Buildings	879.9	701.4	1,712.0	1,311.6	2,591.9	2,013.0
Improvements Other than Buildings	63.2	45.4	230.0	198.8	293.2	244.2
Equipment	458.4	547.4	355.7	365.4	814.1	912.8
Infrastructure	5,481.8	5,719.7	-	-	5,481.8	5,719.7
Construction in Progress	1,736.9	1,248.3	285.1	384.2	2,022.0	1,632.5
<b>Total</b>	<b>\$ 9,532.0</b>	<b>\$ 9,125.8</b>	<b>\$ 2,627.6</b>	<b>\$ 2,306.1</b>	<b>\$ 12,159.6</b>	<b>\$ 11,431.9</b>

Additional information on the State of Connecticut's capital assets can be found in Note 10 on page 71 of this report.

### Long-term Debt.

The state, pursuant to various public and special acts, has authorized a variety of types of debt which fall into the following categories: direct general obligation debt, which is payable from the state's general fund; special tax obligation debt, which is payable from specified taxes and other funds; and special obligation and revenue debt, which is payable from specified revenues and other funds.

### State of Connecticut's Outstanding Debt General Obligation and Revenue Bonds (in Millions)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
General Obligation Bonds	\$ 9,216.4	\$ 8,527.4	\$ -	\$ -	\$ 9,216.4	\$ 8,527.4
Transportation Related Bonds	3,205.8	3,174.9	-	-	3,205.8	3,174.9
Revenue Bonds	-	-	1,555.2	1,504.8	1,555.2	1,504.8
<b>Total</b>	<b>\$ 12,422.2</b>	<b>\$ 11,702.3</b>	<b>\$ 1,555.2</b>	<b>\$ 1,504.8</b>	<b>\$ 13,977.4</b>	<b>\$ 13,207.1</b>

In Fiscal Year 2003 the state increased net outstanding bonds by \$0.8 billion. For the year, outstanding debt in governmental activities increased by 6.2 percent and for business-type activities the increase was 3.7 percent. It should also be noted that the state also issued \$219.2 million in economic recovery notes (see note 17, page 76). The state's General Obligation bonds are rated Aa3, AA and AA by Moodys, Standard and Poors and Fitch respectively. Special Tax Obligation bonds are rated A1, AA-, AA- by Moodys, Standard and Poors and Fitch respectively.

Section 3-21 of the Connecticut General Statutes provides that the total amount of bonds, notes or other evidences of indebtedness payable from general fund tax receipts authorized by the General Assembly but have not been issued and the total amount of such indebtedness which has been issued and remains outstanding shall not exceed 1.6 times the total estimated general fund tax receipts of the state for the current fiscal year. In computing the indebtedness at any time, revenue anticipation notes, refunded indebtedness, bond anticipation notes, tax increment financing, budget deficit bonding, revenue bonding, balances in debt retirement funds and other indebtedness pursuant to certain provisions of the General Statutes shall be excluded from the calculation.

### CONTACTING THE STATE'S OFFICES OF FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the state's finances and to demonstrate the state's accountability for the money it receives. If you have any questions about this report, please contact the State Comptroller's Office at 1-860-702-3350.

[Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Statement of Net Assets

June 30, 2003

(Expressed in Thousands)

	Primary Government Governmental Activities	Business-Type Activities	Total	Component Units
<b>Assets</b>				
Assets				
Current Assets:				
Cash and Cash Equivalents	\$245,597	\$418,475	\$664,072	\$161,495
Deposits with U.S. Treasury	-	501,213	501,213	-
Investments	108,070	251,471	359,541	85,191
Receivables, (Net of Allowances)	1,722,305	493,451	2,215,756	50,589
Due from Component Units	195	163,602	163,797	-
Due from Primary Government	-	-	-	20,636
Inventories	60,278	11,315	71,593	3,607
Restricted Assets	-	9,799	9,799	1,149,670
Internal Balances	(109,943)	109,943	-	-
Other Current Assets	10,236	9,778	20,014	5,633
Total Current Assets	2,036,738	1,969,047	4,005,785	1,476,821
Noncurrent Assets:				
Cash and Cash Equivalents	-	120,772	120,772	260
Due From Component Units	1,805	-	1,805	-
Investments	-	421,279	421,279	11,773
Loans, (Net of Allowances)	427,351	542,464	969,815	164,010
Restricted Assets	622,082	643,839	1,265,921	3,572,747
Capital Assets, (Net of Accumulated Depreciation)	9,531,937	2,627,566	12,159,503	235,935
Other Noncurrent Assets	26,331	69,958	96,289	16,118
Total Noncurrent Assets	10,609,506	4,425,878	15,035,384	4,000,843
Total Assets	12,646,244	6,394,925	19,041,169	5,477,664
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	452,164	203,669	655,833	54,440
Due to Component Units	20,636	-	20,636	-
Due to Primary Government	-	-	-	163,797
Due to Other Governments	99,406	-	99,406	-
Escrow Deposits	-	-	-	18,122
Current Portion of Long-Term Obligations	1,051,039	170,078	1,221,117	141,766
Amount Held for Institutions	-	-	-	299,513
Deferred Revenue	35,787	100,243	136,030	380
Medicaid Liability	443,898	-	443,898	-
Liability for Escheated Property	68,073	-	68,073	-
Other Current Liabilities	173,780	81,445	255,225	14,558
Total Current Liabilities	2,344,783	555,435	2,800,812	692,576
Noncurrent Liabilities:				
Non-Current Portion of Long-Term Obligations	15,648,445	1,964,418	17,612,863	3,673,077
Total Noncurrent Liabilities	15,648,445	1,964,418	17,612,863	3,673,077
Total Liabilities	17,993,228	2,519,853	20,413,675	4,365,653
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	2,622,372	2,092,633	4,715,005	43,632

**Statement of Net Assets**

June 30, 2003

(Expressed in Thousands)

	<b>Primary Government</b>			
	<b>Governmental</b>	<b>Business-Type</b>		<b>Component</b>
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>	<b>Units</b>
<b>Assets</b>				
Restricted For:				
Transportation	101,219	-	101,219	-
Debt Service	587,518	86,308	673,826	19,506
Capital Projects	119,259	79,093	198,352	-
Unemployment Compensation	-	646,399	646,399	-
Clean Water Projects	-	435,001	435,001	-
Bond Indenture Requirements	-	23,970	23,970	676,290
Other Purposes	331,805	135,170	466,975	56,511
Funds Held as Permanent Investments:				
Expendable	5,329	-	5,329	-
Nonexpendable	88,862	244,104	332,966	-
Unrestricted (Deficit)	(9,203,348)	132,394	(9,070,954)	316,072
Total Net Assets (Deficit)	\$(5,346,984)	\$3,875,072	\$(1,471,912)	\$1,112,011

*The accompanying notes are an integral part of the financial statements.*

[Basic Section](#) | 
 [Table of Contents](#) | 
 [Index of Comptroller's Reports](#) | 
 [Comptroller's Home Page](#)



# State of Connecticut

## Statement of Activities

For the Fiscal Year Ended June 30, 2003

(Expressed in Thousands)

Functions /Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total	Component Units
		Charges for Service, Fees, Fines, and Forfeitures	Operating Grants and Contrib- utions	Capital Grants and Contrib- utions	Govern- mental Activities	Business- Type Activities		
<b>Primary Government</b>								
Governmental Activities								
Legislative	\$80,176	\$85	\$292	\$-	\$(79,799)	\$-	\$(79,799)	\$-
General Government	1,145,613	186,206	156,989	-	(802,418)	-	(802,418)	-
Regulation and Protection	574,674	435,142	140,337	-	805	-	805	-
Conservation and Development	410,167	38,039	66,921	55	(305,152)	-	(305,152)	-
Health and Hospitals	1,711,076	57,144	185,903	-	(1,468,029)	-	(1,468,029)	-
Transportation	941,257	53,441	3,145	562,086	(322,585)	-	(322,585)	-
Human Services	4,138,932	151,330	2,585,437	-	(1,402,165)	-	(1,402,165)	-
Education, Libraries, and Museums	3,090,630	45,908	260,392	447	(2,783,883)	-	(2,783,883)	-
Corrections	1,450,392	14,240	63,776	25	(1,372,351)	-	(1,372,351)	-
Judicial	555,791	91,397	26,021	-	(438,373)	-	(438,373)	-
Interest and Fiscal Charges	595,949	-	-	-	(595,949)	-	(595,949)	-
Total Governmental Activities	14,694,657	1,072,932	3,489,213	562,613	(9,569,899)	-	(9,569,899)	-
Business-Type Activities:								
Higher Education	1,977,886	972,921	219,142	5,154	-	(780,669)	(780,669)	-
Bradley International Airport	54,323	49,594	-	5,041	-	312	312	-
CT Lottery Corporation	643,214	867,055	-	-	-	223,841	223,841	-
Employment Security	963,201	577,079	203,297	-	-	(182,825)	(182,825)	-
Clean Water	29,435	12,008	17,661	-	-	234	234	-
Other	72,633	116,109	16,139	-	-	59,615	59,615	-
Total Business-Type Activities	3,740,692	2,594,766	456,239	10,195	-	(679,492)	(679,492)	-
Total Primary Government	\$18,435,349	\$3,667,698	\$3,945,452	\$572,808	(9,569,899)	(679,492)	(10,249,391)	-
<b>Component Units:</b>								
Connecticut Housing Finance Authority (12-31-02)	\$222,841	\$223,386	\$-	\$-	-	-	-	545
Connecticut Resources Recovery Authority	169,970	156,258	-	-	-	-	-	(13,712)
Other	55,733	38,229	1,929	25,107	-	-	-	9,532
Total Component Units	\$448,544	\$417,873	\$1,929	\$25,107	-	-	-	(3,635)

	Net (Expense) Revenue and Changes in Net Assets		Total	Component Units
	Govern- mental Activities	Business- Type Activities		
<b>General Revenues:</b>				
Taxes:				
Personal Income	3,593,080	-	3,593,080	-
Corporate Income	390,012	-	390,012	-
Sales and Use	2,938,341	-	2,938,341	-
Other	1,208,083	-	1,208,083	-
Restricted for Transportation Purposes:	-	-	-	-
Motor Fuel	450,696	-	450,696	-

Other	64,524	-	64,524	-
Casino Gaming Payments	387,255	-	387,255	-
Tobacco Settlement	137,915	-	137,915	-
Unrestricted Investment Earnings	54,741	111,336	166,077	61,756
Other	15,855	-	15,855	-
Special Items:				
Statutory Payment from Component Units	100,000	-	100,000	-
Transfer from Agency Fund	127,256	-	127,256	-
Statutory Payment to State	-	-	-	(15,000)
Other	-	(2,455)	(2,455)	(16,125)
Extraordinary Item-Loss on Early Retirement of Debt	-	(4,010)	(4,010)	-
Transfers-Internal Activities	(640,268)	640,268	-	-
Total General Revenues, Special Items, Extraordinary Item, and Transfers	8,827,490	745,139	9,572,629	30,631
Change in Net Assets	(742,409)	65,647	(676,762)	26,996
Net Assets (Deficit)- Beginning (as restated)	(4,604,575)	3,809,425	(795,150)	1,085,015
Net Assets (Deficit)- Ending	\$(5,346,984)	\$3,875,072	\$(1,471,912)	\$1,112,011

*The accompanying notes are an integral part of the financial statements.*

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



# State of Connecticut

## *Governmental Fund Financial Statements*

### *Major Funds*

#### *General Fund:*

This fund is the State's general operating fund. It accounts for the financial resources and transactions not accounted for in other funds.

#### *Debt Service Fund:*

This fund is used to account for the accumulation of resources for and the payment of, principal and interest on general long-term bonds.

#### *Transportation Fund:*

to account for motor vehicle taxes, receipts and transportation related federal revenues collected for the purposes of payment of debt service requirements and budgeted appropriations made to the Department of Transportation. The Department of Transportation is responsible for all aspects of the planning, development, maintenance, and improvement of transportation in the state.

### *Nonmajor Funds*

Nonmajor governmental funds are presented, by fund type beginning on page 90.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Balance Sheet

### Governmental Funds

June 30, 2003

(Expressed in Thousands)

	General	Debt Service	Transportation	Other Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$-	\$-	\$112,466	\$123,018	\$235,484
Investments	-	-	-	108,070	108,070
Securities Lending Collateral	-	-	-	9,750	9,750
<b>Receivables:</b>					
Taxes, Net of Allowances	761,905	-	40,898	-	802,803
Accounts, Net of Allowances	197,483	-	5,530	26,804	229,817
Loans, Net of Allowances	-	-	-	427,351	427,351
From Other Governments	562,792	-	9,220	81,414	653,426
Interest	-	4,969	150	-	5,119
Other	11,105	-	6,586	2	17,693
Due from Other Funds	12,974	-	9,156	595,496	617,626
Advances to Other Funds	4,700	-	-	-	4,700
Due from Component Units	2,000	-	-	-	2,000
Inventories	42,124	-	13,080	-	55,204
Restricted Assets	-	622,082	-	-	622,082
<b>Total Assets</b>	<b>\$1,595,083</b>	<b>\$627,051</b>	<b>\$197,086</b>	<b>\$1,371,905</b>	<b>\$3,791,125</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable and Accrued Liabilities	\$207,128	\$-	\$19,772	\$122,339	349,239
Due to Other Funds	626,709	4,968	1,060	67,407	700,144
Due to Component Units	189	-	-	20,447	20,636
Due to Other Governments	99,406	-	-	-	99,406
Deferred Revenue	389,858	-	17,978	36,706	444,542
Medicaid Liability	443,898	-	-	-	443,898
Liability For Escheated Property	68,073	-	-	-	68,073
Securities Lending Obligation	-	-	-	9,750	9,750
Other Liabilities	161,321	-	-	2,673	163,994
<b>Total Liabilities</b>	<b>1,996,582</b>	<b>4,968</b>	<b>38,810</b>	<b>259,322</b>	<b>2,299,682</b>
<b>Fund Balances</b>					
<b>Reserved For:</b>					
Petty Cash	991	-	-	-	991
Inventories	42,124	-	13,080	-	55,204
Loans	6,700	-	-	427,351	434,051
Continuing Appropriations	86,647	-	19,866	550	107,063
Debt Service/Issue Costs	55,097	622,083	-	-	677,180
Restricted Purposes	249,260	-	-	94,191	343,451
<b>Unreserved Reported In:</b>					
General Fund	(842,318)	-	-	-	(842,318)
Transportation Fund	-	-	125,330	-	125,330
Special Revenue Funds	-	-	-	443,507	443,507
Capital Project Funds	-	-	-	146,984	146,984
<b>Total Fund Balances</b>	<b>(401,499)</b>	<b>622,083</b>	<b>158,276</b>	<b>1,112,583</b>	<b>1,491,443</b>

**Balance Sheet**  
**Governmental Funds**

June 30, 2003  
(Expressed in Thousands)

	<b>General</b>	<b>Debt Service</b>	<b>Transportation</b>	<b>Other Funds</b>	<b>Total Governmental Funds</b>
Total Liabilities and Fund Balances	\$1,595,083	\$627,051	\$197,086	\$1,371,905	\$3,791,125

*The accompanying notes are an integral part of the financial statements.*

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets

June 30, 2003

(Expressed in Thousands)

Total Fund Balance - Governmental Funds		\$1,491,443	
Net assets reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:			
Buildings	2,538,430		
Equipment	1,188,423		
Infrastructure	10,893,203		
Other Capital Assets	1,284,132		
Accumulated Depreciation	(6,435,185)	9,469,003	
Debt issue costs are recorded as expenditures in the funds. However, these costs are deferred (reported as other assets) and amortized over the life of the bonds in the Statement of Net Assets.		26,294	
Some of the state's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		408,884	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		33,393	
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds (Note 16).			
Net Pension Obligation	(3,256,597)		
Worker's Compensation	(265,645)		
Capital Leases	(67,988)		
Compensated Absences	(342,349)		
Claims and Judgments	(7,612)	(3,940,191)	
Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement (Note 16).			
Economic Recovery Note	(219,235)		

Bonds Payable	(12,422,169)	
Unamortized Premiums	(233,093)	
Less: Deferred Loss on Refundings	127,974	
Accrued Interest Payable	(89,287)	(12,835,810)
Net Assets of Governmental Activities		(5,346,984)

*The accompanying notes are an integral part of the financial statements.*

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For the Fiscal Year Ended June 30, 2003

(Expressed in Thousands)

	General	Debt Service	Transportation	Other Funds	Total Governmental Funds
Revenues					
Taxes	\$8,202,454	\$-	\$514,654	\$10,394	\$8,727,502
Licenses, Permits and Fees	182,532	-	296,584	45,882	524,998
Tobacco Settlement	-	-	-	137,915	137,915
Intergovernmental	3,393,386	-	84,200	551,054	4,028,640
Charges for Services	54,161	-	35,820	2,941	92,922
Fines, Forfeits and Rents	71,475	-	26,128	2,306	99,909
Casino Gaming Payments	387,255	-	-	-	387,255
Investment Earnings	6,160	25,806	4,136	14,857	50,959
Miscellaneous	264,737	-	11,079	87,655	363,471
Total Revenues	12,562,160	25,806	972,601	853,004	14,413,571
Expenditures					
Current:					
Legislative	77,307	-	-	-	77,307
General Government	893,009	-	2,403	219,851	1,115,263
Regulation and Protection	329,115	-	64,270	165,325	558,710
Conservation and Development	183,051	-	-	219,604	402,655
Health and Hospitals	1,677,490	-	-	9,209	1,686,699
Transportation	5,184	-	526,325	6,288	537,797
Human Services	4,062,911	-	-	26,178	4,089,089
Education, Libraries, and Museums	2,544,540	-	-	497,805	3,042,345
Corrections	1,409,189	-	-	13,524	1,422,713
Judicial	536,870	-	-	9,284	546,154
Capital Projects	-	-	-	871,029	871,029
Debt Service:					
Principal Retirement	592,268	296,315	15,082	993	904,658
Interest and Fiscal Charges	430,343	165,386	5,776	11,676	613,181
Total Expenditures	12,741,277	461,701	613,856	2,050,766	15,867,600
Excess (Deficiency) of Revenues					
Over Expenditures	(179,117)	(435,895)	358,745	(1,197,762)	(1,454,029)
Other Financing Sources (Uses)					
Bonds/Notes Issued	219,235	-	-	1,584,910	1,804,145
Premiums on Bonds Issued	4,628	35,115	-	84,863	124,606
Transfers In	706,976	404,653	26,210	144,324	1,282,163
Transfers Out	(819,416)	(26,564)	(446,571)	(503,993)	(1,796,544)
Capital Lease Obligations	866	-	-	211	1,077
Refunding Bonds Issued	-	745,669	-	-	745,669
Payment to Refunded Bond Escrow Agent	-	(776,597)	-	-	(776,597)
Total Other Financing Sources (Uses)	112,289	382,276	(420,361)	1,310,315	1,384,519
Special Item-Statutory Payment from					
Component Units	100,000	-	-	-	100,000
Net Change in Fund Balances	33,172	(53,619)	(61,616)	112,553	30,490

## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds

For the Fiscal Year Ended June 30, 2003

(Expressed in Thousands)

	General	Debt Service	Transportation	Other Funds	Total Governmental Funds
Fund Balances - Beginning (as restated)	(434,926)	675,702	221,671	1,000,030	1,462,477
Changes in Reserves for Inventories	255	-	(1,779)	-	(1,524)
Fund Balances - Ending	\$(401,499)	\$622,083	\$158,276	\$1,112,583	\$1,491,443

*The accompanying notes are an integral part of the financial statements.*

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

June 30, 2003

(Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds \$30,490

Amounts reported for governmental activities in the Statement of Activities are different because:

Bond proceeds provide current financial resources to governmental funds. However, issuing debt increases long term-liabilities in the Statement of Net Assets. Bond proceeds were received this year from:

Bonds Issued	(1,804,145)	
Refunding Bonds Issued	(745,669)	
Premium on Bonds Issued	(124,606)	(2,674,420)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Long-term debt repayments this year consisted of:

Principal Retirement	904,658	
Payments to Refunded Bond Escrow Agent (\$4,668 reported in debt service)	781,265	
Capital Lease Payments	9,985	1,695,908

Capital outlays are reported as expenditures in the governmental funds. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital Outlays	1,047,212	
Depreciation Expense	(639,576)	407,636

Some capital assets acquired this year were financed with capital leases. The amount financed by leases is reported in the governmental funds as a source of financing, but lease obligations are reported as long-term liabilities on the Statement of Net Assets.

(1,077)

Inventories are reported as expenditures in the governmental funds when purchased. However, in the Statement of Activities the cost of these assets is recognized when those assets are consumed. This is the amount by which consumption exceeded purchases of inventories.

(1,524)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in Accrued Interest	1,106	
Increase in Interest Accreted on Capital Appreciation Debt	(5,929)	
Amortization of Bond Premium	14,099	
Amortization of Loss on Debt Refundings	(9,231)	
Increase in Compensated Absences Liability	(6,787)	
Increase in Workers Compensation Liability	(20,462)	
Decrease in Claims and Judgements Liability	113	
Increase in Net Pension Obligation	(139,248)	(166,339)

Because some revenues will not be collected for several months after the state's fiscal



year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount this year.			(46,708)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of internal service funds is reported with the governmental activities.			1,106
Debt issue costs are recorded as expenditures in the govenmental funds. However, these costs are amortized over the life of the bonds in the Statement of Activities. In the current year, these amounts are:			
Debt Issue Costs Payments		14,069	
Amortization of Debt Issue Costs		(1,550)	12,519
Change in Net Assets of Governmental Activities			\$(742,409)
<i>The accompanying notes are an integral part of the financial statements.</i>			

# State of Connecticut

## Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Non-GAAP Budgetary Basis General and Transportation Funds

For the Fiscal Year Ended June 30, 2003  
(Expressed in Thousands)

Revenues	General Fund				Transportation Fund			
	Budget Original	Budget Final	Actual	Variance with Final Budget Over (Under)	Budget Original	Budget Final	Actual	Variance with Final Budget Over (Under)
Budgeted:								
Taxes, Net of Refunds	\$8,424,400	\$8,424,400	\$8,229,807	\$(194,593)	\$539,300	\$539,300	\$514,996	\$(24,304)
Operating Transfers In	406,000	406,000	400,801	(5,199)	-	-	-	-
Casino Gaming Payments	399,000	399,000	387,255	(11,745)	-	-	-	-
Licenses, Permits, and Fees	128,500	128,500	125,179	(3,321)	339,000	339,000	341,421	2,421
Other	268,400	268,400	303,806	35,406	33,700	33,700	30,033	(3,667)
Federal Grants	2,303,200	2,303,200	2,318,421	15,221	3,300	3,300	3,305	5
Transfer to the Resources of the General Fund	284,100	284,100	351,461	67,361	-	-	-	-
Refunds of Payments	(500)	(500)	(396)	104	(2,800)	(2,800)	(2,151)	649
Operating Transfers Out	(121,200)	(121,200)	(93,009)	28,191	(8,500)	(8,500)	(60,500)	(52,000)
Total Budgeted	12,091,900	12,091,900	12,023,325	(68,575)	904,000	904,000	827,104	(76,896)
Federal and Other Restricted	796,822	2,063,165	1,254,709	(808,456)	205,047	297,259	93,759	(203,500)
Total Revenues	12,888,722	14,155,065	13,278,034	(877,031)	1,109,047	1,201,259	920,863	(280,396)
Expenditures								
Budgeted:								
Legislative	65,075	59,680	57,340	2,340	-	-	-	-
General Government	481,488	471,426	420,241	51,185	2,457	2,457	2,402	55
Regulation and Protection	237,946	225,092	212,331	12,761	61,957	61,957	52,038	9,919
Conservation and Development	83,794	80,899	73,475	7,424	-	-	-	-
Health and Hospitals	1,255,077	1,245,652	1,222,978	22,674	-	-	-	-
Transportation	15,048	14,684	5,731	8,953	378,513	378,513	351,868	26,645
Human Services	3,702,899	3,769,694	3,724,789	44,905	-	-	-	-
Education, Libraries, and Museums	2,824,473	2,810,224	2,789,051	21,173	-	-	-	-
Corrections	1,135,337	1,130,166	1,111,416	18,750	-	-	-	-
Judicial	399,014	392,169	368,143	24,026	-	-	-	-
Non Functional	2,312,177	2,327,351	2,224,838	102,513	503,427	503,437	485,871	17,566
Total Budgeted	12,512,328	12,527,037	12,210,333	316,704	946,354	946,364	892,179	54,185
Federal and Other Restricted	796,822	2,063,165	1,254,709	808,456	205,047	297,259	93,759	203,500
Total Expenditures	13,309,150	14,590,202	13,465,042	1,125,160	1,151,401	1,243,623	985,938	257,685
Appropriations Lapsed	251,900	230,057	-	(230,057)	15,000	34,319	-	(34,319)
Excess (Deficiency) of Revenues								
Over Expenditures	(168,528)	(205,080)	(187,008)	18,072	(27,354)	(8,045)	(65,075)	(57,030)
Other Financing Sources (Uses)								
Prior Year Appropriations Carried Forward	168,624	168,624	168,624	-	28,192	28,192	28,192	-
Appropriations Continued to Fiscal Year 2003-2004	-	-	(86,647)	(86,647)	-	-	(19,866)	(19,866)
Miscellaneous Adjustments	-	-	8,416	8,416	-	-	15	15
Total Other Financing Sources (Uses)	168,624	168,624	90,393	(78,231)	28,192	28,192	8,341	(19,851)
Net Change in Fund Balance	\$96	\$(36,456)	(96,615)	\$(60,159)	\$838	\$20,147	(56,734)	\$(76,881)
Budgetary Fund Balances (deficit) - July 1							422,921	
Changes in Reserves							(9,873)	
Budgetary Fund Balances - June 30							\$356,314	

*The accompanying notes are an integral part of the financial statements.*

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## *Proprietary Fund Financial Statements*

### *Major Funds*

#### *Higher Education:*

Higher Education Funds are used to account for all transactions relating to public institutions of higher education and an affiliated organization. Higher Education institutions include five universities and twelve community-technical colleges.

#### *Bradley Airport Operations:*

The airport is owned by the State of Connecticut and is operated by the Bureau of Aeronautics of the State of Connecticut, Department of Transportation. In 1982, the State issued the Airport, 1982 series, Revenue Bonds in the aggregate principal amount of \$100,000,000. The bonds were refunded in 1992 with the issuance of \$94,065,000 in refunding bonds. The refunding bonds are secured by and payable solely from the gross operating revenues generated by the State from the operations of the Airport and other receipts, funds or monies pledged in the Indenture.

#### *The Connecticut Lottery Corporation:*

The Connecticut Lottery Corporation, a public instrumentality and political subdivision of the State of Connecticut was created on July 1, 1996 for the purpose of generating revenues for the State of Connecticut's General Fund through the operation of a lottery.

#### *Employment Security:*

to account for the collection of unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.

#### *Second Injury and Compensation Assurance:*

an extension of the Worker's Compensation Act, the fund is currently used to pay claimants whose injuries are made more severe because of a pre-existing condition, and in cases where an injured worker receiving worker's compensation subsequently undergoes an incapacitating relapse.

#### *Clean Water:*

to account for resources used to provide loans to municipalities to finance waste water treatment projects.

### *Nonmajor Funds*

Nonmajor proprietary funds are presented, by fund type beginning on page 112.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Statement of Net Assets

### Proprietary Funds

June 30, 2003

(Expressed in Thousands)

	Business-Type Activities				Business-Type Activities			Govern- mental Activities
	Enterprise Funds				Enterprise Funds			Internal
	Higher	Inter- national	Connec- ticut	Employ- ment	Clean	Other		Service
	Edu- cation	Airport	Lottery Corpor- ation	Security	Water	Funds	Total	Funds
Assets								
Current Assets:								
Cash and Cash Equivalents	\$362,038	\$17,555	\$25,634	\$-	\$444	\$12,804	\$418,475	\$10,113
Deposits with U.S. Treasury	-	-	-	501,213	-	-	501,213	-
Investments	203,884	-	47,587	-	-	-	251,471	-
Receivables:								
Accounts, Net of Allowances	157,024	4,322	9,566	139,318	-	18,370	328,600	13,447
Loans, Net of Allowances	3,721	-	-	-	103,457	22,725	129,903	-
Interest	-	-	16,063	-	6,095	647	22,805	-
From Other Governments	2,172	2,907	-	6,933	131	-	12,143	-
Due from Other Funds	124,415	-	-	4,726	-	-	129,141	4,781
Due from Component Units	163,602	-	-	-	-	-	163,602	-
Inventories	8,763	892	1,660	-	-	-	11,315	5,074
Restricted Assets	165	9,634	-	-	-	-	9,799	-
Other Current Assets	9,400	-	297	-	-	81	9,778	486
Total Current Assets	1,035,184	35,310	100,807	652,190	110,127	54,627	1,988,245	33,901
Noncurrent Assets:								
Cash and Cash Equivalents	120,772	-	-	-	-	-	120,772	-
Investments	-	-	384,020	-	-	37,259	421,279	-
Receivables, Net of Allowances	33,605	-	-	-	-	-	33,605	-
Loans, Net of Allowances	19,747	-	-	-	502,847	19,870	542,464	-
Restricted Assets	19,651	147,745	-	-	419,038	57,405	643,839	-
Capital Assets, Net of Accumulated Depreciation	2,288,799	303,785	1,392	-	-	33,590	2,627,566	62,934
Other Noncurrent Assets	16,972	6,631	4,835	-	5,699	2,216	36,353	37
Total Noncurrent Assets	2,499,546	458,161	390,247	-	927,584	150,340	4,425,878	62,971
Total Assets	3,534,730	493,471	491,054	652,190	1,037,711	204,967	6,414,123	96,872
Liabilities								
Current Liabilities:								
Accounts Payable and Accrued Liabilities	155,911	12,700	9,825	-	8,642	16,591	203,669	6,718
Due to Other Funds	8,880	4,527	-	5,791	-	-	19,198	39,126
Current Portion of Long-Term Obligations	62,378	6,140	51,165	-	35,276	15,119	170,078	243
Deferred Revenue	97,822	997	987	-	-	437	100,243	129
Other Current Liabilities	33,869	3,494	41,999	-	2,083	-	81,445	36
Total Current Liabilities	358,860	27,858	103,976	5,791	46,001	32,147	574,633	46,252
Noncurrent Liabilities:								
Noncurrent Portion of Long-Term Obligations	639,897	251,151	384,020	-	507,958	181,392	1,964,418	17,227
Total Noncurrent Liabilities	639,897	251,151	384,020	-	507,958	181,392	1,964,418	17,227
Total Liabilities	998,757	279,009	487,996	5,791	553,959	213,539	2,539,051	63,479
Net Assets (Deficit)								
Invested in Capital Assets, Net of Related Debt	2,005,218	106,264	1,392	-	-	(20,241)	2,092,633	24,183
Restricted For:								
Debt Service	8,142	37,737	-	-	-	40,429	86,308	-
Unemployment Compensation	-	-	-	646,399	-	-	646,399	-
Clean Water Projects	-	-	-	-	435,001	-	435,001	-
Capital Projects	43,735	35,358	-	-	-	-	79,093	-
Nonexpendable Purposes	244,104	-	-	-	-	-	244,104	-
Other Purposes	93,469	23,970	3,058	-	-	38,643	159,140	-
Unrestricted	141,305	11,133	(1,392)	-	48,751	(67,403)	132,394	9,210
Total Net Assets (Deficit)	\$2,535,973	\$214,462	\$3,058	\$646,399	\$483,752	\$(8,572)	\$3,875,072	\$33,393

*The accompanying notes are an integral part of the financial statements.*

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds

For the Fiscal Year Ended June 30, 2003  
(Expressed in Thousands)

	Business-Type Activities				Business-Type Activities			Govern- mental Activities
	Enterprise Funds				Enterprise Funds			Internal
	Higher	Bradley	Conne- cticut	Employ- ment	Clean	Other	Total	Service
	Edu- cation	Inter- national Airport	Lottery Corpor- ation	Security	Water	Funds		Funds
Operating Revenues								
Charges for Sales and Services	\$790,997	\$36,687	\$865,290	\$-	\$-	\$17,546	\$1,710,520	\$122,135
Assessments	-	-	-	570,968	-	88,713	659,681	-
Intergovernmental	209,752	-	-	203,297	-	-	413,049	-
Private Gifts and Grants	49,373	-	-	-	-	-	49,373	-
Interest on Loans	-	-	-	-	12,008	931	12,939	-
Other	96,916	-	373	6,111	-	8,919	112,319	937
Total Operating Revenues	1,147,038	36,687	865,663	780,376	12,008	116,109	2,957,881	123,072
Operating Expenses								
Cost of Sales and Services	152,893	-	594,973	-	-	9,169	757,035	80,076
Salaries, Wages and Administrative	1,333,053	31,254	11,026	-	481	9,553	1,385,367	32,304
Unemployment Compensation	-	-	-	963,201	-	-	963,201	-
Claims Paid	-	-	-	-	-	40,402	40,402	-
Depreciation and Amortization	126,609	12,913	839	-	-	1,006	141,367	9,848
Other	354,607	-	3,614	-	-	-	358,221	-
Total Operating Expenses	1,967,162	44,167	610,452	963,201	481	60,130	3,645,593	122,228
Operating Income (Loss)	(820,124)	(7,480)	255,211	(182,825)	11,527	55,979	(687,712)	844
Nonoperating Revenue (Expenses)								
Interest and Investment Income	13,532	6,692	33,222	33,772	20,897	3,221	111,336	83
Interest and Fiscal Charges	(10,724)	(10,156)	(32,762)	-	(28,631)	(12,412)	(94,685)	-
Other	45,025	12,907	1,392	-	(323)	(91)	58,910	-
Total Nonoperating Revenues (Expenses)	47,833	9,443	1,852	33,772	(8,057)	(9,282)	75,561	83
Income (Loss) Before Capital Contributions, Grants, Special Item, Extraordinary Item and Transfers	(772,291)	1,963	257,063	(149,053)	3,470	46,697	(612,151)	927
Capital Contributions	5,154	5,041	-	-	-	-	10,195	179
Federal Grants	-	-	-	-	17,661	16,139	33,800	-
Special Item-Loss on Disposal of Capital Assets	(2,455)	-	-	-	-	-	(2,455)	-
Extraordinary Item-Loss on Early Retirement of Debt	-	-	-	-	-	(4,010)	(4,010)	-
Transfers In	894,634	8,516	-	-	6,161	7,320	916,631	-
Transfers Out	-	-	(256,815)	(3,251)	(7,319)	(8,978)	(276,363)	-
Change in Net Assets	125,042	15,520	248	(152,304)	19,973	57,168	65,647	1,106
Total Net Assets (Deficit) - Beginning (as restated)	2,410,931	198,942	2,810	798,703	463,779	(65,740)	3,809,425	32,287
Total Net Assets (Deficit) - Ending	\$2,535,973	\$214,462	\$3,058	\$646,399	\$483,752	\$(8,572)	\$3,875,072	\$33,393

*The accompanying notes are an integral part of the financial statements.*

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Statement of Cash Flows

### Proprietary Funds

For the Fiscal Year Ended June 30, 2003

(Expressed in Thousands)

	Business-Type Activities						Govern- mental Activities	
	Enterprise Funds							
		Bradley	Connec- ticut					Internal
	Higher	Inter- national	Lottery	Employ- ment	Clean	Other		
	Edu- cation	Airport	Corpor- ation	Security	Water	Funds	Total	Funds
Cash Flows from Operating Activities								
Receipts from Customers	\$919,198	\$36,120	\$865,798	\$767,849	\$45,951	\$118,532	\$2,753,448	\$120,459
Payments to Suppliers	(214,387)	(14,296)	(18,926)	(963,201)	-	(9,169)	(1,219,979)	(82,748)
Payments to Employees	(1,293,101)	(11,930)	(9,256)	-	(463)	(8,777)	(1,323,527)	(31,314)
Other Receipts (Payments)	(25,883)	-	(576,122)	(9,518)	(52,630)	(58,216)	(722,369)	-
Net Cash Provided by (Used in) Operating Activities	(614,173)	9,894	261,494	(204,870)	(7,142)	42,370	(512,427)	6,397
Cash Flows from Noncapital Financing Activities								
Proceeds from Sale of Bonds	100,533	-	-	-	-	-	100,533	-
Retirement of Bonds and Annuities Payable	(140)	-	(40,505)	-	(27,050)	(42,890)	(110,585)	-
Interest on Bonds and Annuities Payable	-	-	(34,121)	-	(28,088)	(9,948)	(72,157)	-
Transfers In	693,456	8,516	-	-	-	6,844	708,816	-
Transfers Out	-	-	(256,815)	(3,251)	(644)	(8,516)	(269,226)	-
Other Receipts (Payments)	25,511	-	-	-	(363)	(4,113)	21,035	(1,027)
Net Cash Flows from Noncapital Financing Activities	819,360	8,516	(331,441)	(3,251)	(56,145)	(58,623)	378,416	(1,027)
Cash Flows from Capital and Related Financing Activities								
Additions to Property, Plant and Equipment	(281,895)	(68,543)	(349)	-	-	(91)	(350,878)	(7,760)
Proceeds from Capital Debt	164,785	6,454	-	-	-	-	171,239	-
Principal Paid on Capital Debt	(54,921)	(5,775)	-	-	-	-	(60,696)	-
Interest Paid on Capital Debt	(39,094)	(14,159)	-	-	-	(3,582)	(56,835)	-
Transfer In	139,965	-	-	-	-	-	139,965	-
Capital Contributions	-	8,059	-	-	17,602	16,483	42,144	179
Other Receipts (Payments)	(54,434)	10,654	25	-	-	(14)	(43,769)	-
Net Cash Flows from Capital and Related Financing Activities	(125,594)	(63,310)	(324)	-	17,602	12,796	(158,830)	(7,581)
Cash Flows from Investing Activities								
Proceeds from Sales and Maturities of Investments	92	38,688	40,668	174,349	18,319	2,472	274,588	-
Purchase of Investment Securities	(102,053)	-	-	-	-	-	(102,053)	-
Interest on Investments	13,080	7,413	35,961	33,772	22,287	4,358	116,871	83
Other Receipts (Payments)	-	-	-	-	-	(6,805)	(6,805)	-
Net Cash Flows from Investing Activities	(88,881)	46,101	76,629	208,121	40,606	25	282,601	83
Net Increase (Decrease) in Cash and Cash Equivalents	(9,288)	1,201	6,358	-	(5,079)	(3,432)	(10,240)	(2,128)
Cash and Cash Equivalents -Beginning of Year	503,812	85,473	19,276	-	5,523	16,236	630,320	12,241
Cash and Cash Equivalents -End of Year	\$494,524	\$86,674	\$25,634	\$-	\$444	\$12,804	\$620,080	\$10,113
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities								
Operating Income (Loss)	\$(820,124)	\$(7,480)	\$255,211	\$(182,825)	\$11,527	\$55,979	\$(687,712)	\$844
Adjustments not Affecting Cash:								
Depreciation and Amortization	126,609	12,913	839	-	-	1,006	141,367	9,848
Others	41,805	-	465	-	-	-	42,270	-
Change in Assets and Liabilities:								
(Increase) Decrease in Receivables, Net	(21,538)	(245)	(436)	(8,447)	(18,669)	(16,202)	(65,537)	(2,495)
(Increase) Decrease in Due from Other Funds	33,428	-	-	(4,079)	-	-	29,349	(116)
(Increase) Decrease in Inventories and Other Assets	1,776	-	212	-	-	32	2,020	(803)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	24,505	4,706	5,203	-	-	1,555	35,969	1,816
Increase (Decrease) in Due to Other Funds	(634)	-	-	(9,519)	-	-	(10,153)	(2,697)
Total Adjustments	205,951	17,374	6,283	(22,045)	(18,669)	(13,609)	175,285	5,553
Net Cash Provided by (Used In) Operating Activities	\$(614,173)	\$9,894	\$261,494	\$(204,870)	\$(7,142)	\$42,370	\$(512,427)	\$6,397
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets								
Cash and Cash Equivalents - Current	\$362,038	\$17,555						
Cash and Cash Equivalents - Noncurrent	120,772	-						
Cash and Cash Equivalents - Restricted	11,714	69,119						
	\$494,524	\$86,674						

*The accompanying notes are an integral part of the financial statements.*





# State of Connecticut

## *Fiduciary Fund Financial Statements*

### *Investment Trust Fund*

#### *External Investment Pool:*

to account for the portion of the Short-Term Investment Fund that belongs to participants that are not part of the State's financial reporting entity.

### *Private Purpose Trust Fund*

#### *Escheat Securities:*

to account for securities that are held by the State Treasurer for individuals under escheat laws of the State.

Individual fund descriptions and financial statements begin on the following pages:

Pension (and Other Employee Benefit) Trust Funds, page 120

Agency Funds, page 126

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Statement of Fiduciary Net Assets

### Fiduciary Funds

June 30, 2003

(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private- Purpose Trust Fund Escheat Securities	Agency Funds	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$17,075	\$-	\$-	\$155,650	\$172,725
<b>Receivables:</b>					
Accounts, Net of Allowances	11,565	-	-	468	12,033
From Other Governments	477	-	-	-	477
From Other Funds	4,705	-	-	4,561	9,266
Interest	813	1,214	-	79	2,106
Investments	18,210,978	1,049,071	-	-	19,260,049
Inventories	-	-	-	881	881
Securities Lending Collateral	1,418,662	-	-	-	1,418,662
Other Assets	4,821	5	34,568	563,411	602,805
<b>Total Assets</b>	<b>19,669,096</b>	<b>1,050,290</b>	<b>34,568</b>	<b>\$725,050</b>	<b>21,479,004</b>
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	-	1,176	-	824	2,000
Securities Lending Obligation	1,418,662	-	-	-	1,418,662
Due to Other Funds	2,344	-	-	2	2,346
Other Liabilities	-	67	-	3,440	3,507
Funds Held for Others	-	-	-	720,784	720,784
<b>Total Liabilities</b>	<b>1,421,006</b>	<b>1,243</b>	<b>-</b>	<b>\$725,050</b>	<b>2,147,299</b>
<b>Net Assets</b>					
<b>Held in Trust For:</b>					
Employees' Pension Benefits (Note 13)	18,212,368	-	-		18,212,368
Other Employee Benefits	35,722	-	-		35,722
Individuals, Organizations, and Other Governments	-	1,049,047	34,568		1,083,615
<b>Total Net Assets</b>	<b>\$18,248,090</b>	<b>\$1,049,047</b>	<b>\$34,568</b>		<b>\$19,331,705</b>

*The accompanying notes are an integral part of the financial statements.*

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Statement of Changes in Fiduciary Net Assets

### Fiduciary Funds

June 30, 2003

(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private- Purpose Trust Fund Escheat Securities	Total
Additions				
Contributions:				
Plan Members	\$305,626	\$-	\$-	\$305,626
State	622,769	-	-	622,769
Municipalities	19,450	-	-	19,450
Total Contributions	947,845	-	-	947,845
Investment Income	414,037	25,574	-	439,611
Less: Investment Expense	(66,225)	(540)	-	(66,765)
Net Investment Income	347,812	25,034	-	372,846
Escheat Securities Received	-	-	8,540	8,540
Transfers In	1,369	-	-	1,369
Other	497	-	-	497
Total Additions	1,297,523	25,034	8,540	1,331,097
Deductions				
Administrative Expense	1,441	-	-	1,441
Benefit Payments and Refunds	1,652,095	-	-	1,652,095
Escheat Securities Returned or Sold	-	-	30,130	30,130
Pool's Share Transactions	-	195,682	-	195,682
Distributions to Pool Participants	-	25,034	-	25,034
Other	1,508	-	4,610	6,118
Total Deductions	1,655,044	220,716	34,740	1,910,500
Change in Net Assets Held In Trust For:				
Pension and Other Employee Benefits	(357,521)	-	-	(357,521)
Individuals, Organizations, and Other Governments	-	(195,682)	(26,200)	(221,882)
Net Assets - Beginning	18,605,611	1,244,729	60,768	19,911,108
Net Assets - Ending	\$18,248,090	\$1,049,047	\$34,568	\$19,331,705

*The accompanying notes are an integral part of the financial statements.*

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## *Component Unit Financial Statements*

### *Major Component Units*

#### *Connecticut Housing Finance Authority:*

the Connecticut Housing Finance Authority is a public instrumentality and political subdivision of the State created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development and construction of housing for low and moderate income families throughout the State.

#### *Connecticut Resources Recovery Authority:*

the Connecticut Resources Recovery Authority is a public instrumentality and political subdivision of the State. The Authority is responsible for implementing the State's solid waste management plan, which includes design, construction and operation of resources recovery facilities and the marketing of recovered products.

### *Nonmajor*

The nonmajor component units are presented beginning on page 130.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

State of Connecticut

Combining Statement of Net Assets

Component Units

June 30, 2003  
(Expressed in Thousands)

	Connecticut Housing Finance Authority (12-31-02)	Connecticut Resources Recovery Authority	Other Component Units	Total
Assets				

Database Results Error

The database connection named 'general' is undefined.

This problem can occur if:

- \* the connection has been removed from the web
- \* the file 'global.asa' is missing or contains errors
- \* the root folder does not have Scripting permissions enabled
- \* the web is not marked as an Application Root

The accompanying notes are an integral part of the financial statements.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



# State of Connecticut

## Statement of Activities

### Component Units

For the Fiscal Year Ended June 30, 2003

(Expressed in Thousands)

Functions/ Programs	Net (Expense) Revenue and Changes in Net Assets							
	Expenses	Charges for Services	Program Revenues Operating Grants and Contrib- utions	Capital Grants and Contrib- utions	Connecticut Housing Finance Authority (12-31-02)	Connecticut Resources Recovery Authority	Other Component Units	Totals
Statement of Activities								
Component Units								
For The Fiscal Year Ended June 30, 2003								
Connecticut Housing Finance Authority (12/31/02)	222,841	223,386	-	-	545	-	-	545
Connecticut Resources Recovery Authority	169,970	156,258	-	-	-	(13,712)	-	(13,712)
Other Component Units	55,733	38,229	1,929	25,107	-	-	9,532	9,532
Total Component Units	\$448,544	\$417,873	\$1,929	\$25,107	545	(13,712)	9,532	(3,635)

	Net (Expense) Revenue and Changes in Net Assets			
	Connecticut Housing Finance Authority (12-31-02)	Connecticut Resources Recovery Authority	Other Component Units	Totals
General Revenues				
Investment Income(Loss)	68,919	2,386	(9,549)	61,756
Special Items:				
Statutory Payment to State	-	-	(15,000)	(15,000)
Other	-	-	(16,125)	(16,125)
Total General Revenues and				
Special Items	68,919	2,386	(40,674)	30,631
Change in Net Assets	69,464	(11,326)	(31,142)	26,996
Net Assets - Beginning (as restated)	617,755	128,815	338,445	1,085,015
Net Assets - Ending	\$687,219	\$117,489	\$307,303	\$1,112,011

*The accompanying notes are an integral part of the financial statements.*

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Notes to the Financial Statements

June 30, 2003

### Note 1 Summary of Significant Accounting Policies

#### a. Basis of Presentation

The accompanying financial statements of the State of Connecticut have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board, except for the financial statements of the University of Connecticut Foundation, Incorporated (a component unit). Those statements are prepared according to generally accepted accounting principles as prescribed in pronouncements of the Financial Accounting Standards Board.

#### b. Reporting Entity

For financial reporting purposes, the State's reporting entity includes the "primary government" and its "component units." The primary government includes all funds, agencies, departments, bureaus, commissions, and component units that are considered an integral part of the State's legal entity. Component units are legally separate organizations for which the State is financially accountable. Financial accountability exists if (1) the State appoints a voting majority of the organization's governing board, and (2) the State is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. The State also includes a nongovernmental corporation as a component unit because it would be misleading to exclude the corporation from the reporting entity. Component units are reported in the financial statements in a separate column (discrete presentation), or as part of the primary government (blending presentation).

#### *Discretely Presented Component Units*

Discretely presented component units include legally separate organizations for which the State appoints a voting majority of the organization's governing board and is contingently liable for the organization's debt or provides significant funding for the organization's programs (applies only to the Connecticut Innovations, Incorporated and the Capital City Economic Development Authority). The following organizations are reported in separate columns and rows in the government-wide financial statements to emphasize that they are legally separate from the primary government:

#### *Connecticut Development Authority*

The Authority is a public instrumentality and political subdivision of the State. It was created to stimulate industrial and commercial development within the State through its Self-Sustaining Bond, Umbrella, and Insurance programs as well as other economic development programs.

#### *Connecticut Housing Finance Authority*

The Authority is a public instrumentality and political subdivision of the State. It was created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority's fiscal year is for the period ending on December 31, 2002.

#### *Connecticut Resources Recovery Authority*

The Authority is a public instrumentality and political subdivision of the State. It is responsible for implementing the State Solid Waste Management Plan by determining the location of and constructing solid waste management projects; owning, operating, and maintaining waste management projects; or making provisions for operation and maintenance by contracting with private industry.

#### ***Connecticut Higher Education Supplemental Loan Authority***

The Authority is a public instrumentality and political sub-division of the State. It was created to assist students, their parents, and institutions of higher education to finance the cost of higher education through its Bond funds.

#### ***Connecticut Health and Educational Facilities Authority***

The Authority is a public instrumentality and political subdivision of the State. The purpose of the Authority is to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions.

#### ***Connecticut Innovations, Incorporated***

The Authority is a public instrumentality and political subdivision of the State. It was established to stimulate and promote technological innovation and application of technology within Connecticut and encourage the development of new products, innovations, and inventions or markets in Connecticut by providing financial and technical assistance.

#### ***Capital City Economic Development Authority***

The Authority is a public instrumentality and political subdivision of the State. It was established in 1998 to stimulate new investment in Connecticut; to attract and service large conventions, tradeshow, exhibitions, conferences, and local consumer shows, exhibitions and events; to encourage the diversification of the state economy; to strengthen Hartford's role as the region's major business and industry employment center and seat of government; to encourage residential housing development in downtown Hartford; and to construct, operate, maintain and market a convention center project in Hartford.

Financial statements for the major component units are included in the accompanying financial statements after the fund financial statements. Audited financial statements issued separately by each component unit can be obtained from their respective administrative offices.

#### ***Blended Component Units***

##### ***Connecticut Lottery Corporation***

The Connecticut Lottery Corporation is a legally separate organization for which the State appoints a voting majority of the Corporation's governing board and which provides a significant amount of revenues to the State. The corporation is reported as part of the primary government's business-type activities in the government-wide financial statements and as a major Enterprise fund in the fund financial statements.

##### ***University of Connecticut Foundation, Incorporated***

The University of Connecticut Foundation, Incorporated is a nongovernmental nonprofit corporation created exclusively to solicit, receive, and administer gifts and financial resources from private sources for the benefit of all campuses and programs of the University of Connecticut, a unit of the Higher Education fund. The University is not financially accountable for the Foundation. However, the Foundation is included as a component unit because the nature and significance of its relationship to the University are such that exclusion would cause the University's financial statements to be misleading. The Foundation is reported as part of the primary government's business-type activities in the government-wide financial statements and as part of the Higher Education fund (a major Enterprise fund) in the fund financial statements.

## Government-wide and Fund Financial Statements

### *Government-wide Financial Statements*

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. These statements distinguish between the governmental and business-type activities of the primary government by using separate columns and rows. Governmental activities are generally financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Net Assets presents the reporting entity's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds issued to buy, construct, or improve those assets.
2. Restricted net assets result when constraints placed on net assets use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated to the various functions or segments. Program revenues include a) fees, fines, and charges paid by the recipients of goods or services offered by the functions or segments and b) grants and contributions that are restricted to meeting the operational or capital needs of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

### *Fund Financial Statements*

The fund financial statements provide information about the State's funds, including its fiduciary funds and blended component units. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The State reports the following major governmental funds:

**General Fund** - This is the State's primary operating fund. It is used to account for all financial resources which are not required to be accounted in other funds and which are spent for those services normally provided by the State (e.g., health, social assistance, education, etc.).

**Debt Service** - This fund is used to account for the resources accumulated and payments made for principal and interest on special tax obligation bonds of the Transportation fund.

**Transportation** - This fund is used to account for motor vehicle taxes, receipts, and transportation related federal revenues collected for the purpose of payment of transportation related bonds and budgeted appropriations of the Department of Transportation. The Department of Transportation is responsible for all aspects of the planning, development, maintenance, and improvement of transportation in the State.

The State reports the following major enterprise funds:



**Higher Education** - This fund is used to account for the financial activities of the State's higher education institutions, including the University of Connecticut, the University of Connecticut Health Center (including John Dempsey Hospital), State Universities, Community-Technical Colleges, and the University of Connecticut Foundation, Incorporated, a component unit.

**Bradley International Airport** - This fund is used to account for the financial activities of the Bradley International Airport, which is owned and operated by the State.

**Connecticut Lottery Corporation** - This fund is used to account for the financial activities of the State's lottery. The Corporation was created in 1996 for the purpose of generating revenues for the State's General Fund.

**Employment Security** - This fund is used to account for unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.

**Clean Water** - This fund is used to account for resources used to provide loans to municipalities to finance waste water treatment facilities.

In addition, the State reports the following fund types:

**Internal Service Funds** - These funds account for goods and services provided to other agencies of the State on a cost-reimbursement basis. These goods and services include prisoner-built office furnishings, information services support, telecommunications, printing, and other services.

**Pension (and Other Employee Benefits) Trust Funds** - These funds account for resources held in trust for the members and beneficiaries of the State's defined benefit pension plans, a defined contribution plan, and other employee benefits plans. These plans are discussed more fully in [Notes 11](#) and [12](#).

**Investment Trust Fund** - This fund accounts for the external portion of the State's Short-Term Investment Fund, an investment pool managed by the State Treasurer.

**Private-Purpose Trust Fund** - This fund accounts for escheat securities held in trust for individuals by the State Treasurer.

**Agency Funds** - These funds account for deposits, investments, and other assets held by the State as an agent for inmates and patients of State institutions, insurance companies, municipalities, and private organizations.

#### **d. Measurement Focus and Basis of Accounting**

##### ***Government-wide, Proprietary, and Fiduciary Fund Financial Statements***

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Taxes and casino gaming payments are recognized as revenues in the period when the underlying exchange transaction has occurred. Grants and similar items are recognized as revenues in the period when all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the State's enterprise and internal service funds are charges to customers for sales and services, assessments, and intergovernmental revenues. Operating expenses for enterprise and internal service funds include salaries, wages, and administrative expenses, unemployment compensation, claims paid, and depreciation expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. This option is followed by the following component units of the State: the Connecticut Development Authority and the Connecticut Health and Educational Facilities Authority.

### ***Governmental Fund Financial Statements***

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The State considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Sales and use taxes, personal income taxes, public service corporation taxes, special fuel taxes, federal grants, and casino gaming payments are considered to be susceptible to accrual. Licenses, permits, and fees are not considered to be susceptible to accrual and are recognized as revenues when the cash is collected. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general-long term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the State's policy to use restricted resources first, then unrestricted resources, as they are needed.

### **e. Budgeting Process**

By statute, the Governor must submit the State budget to the General Assembly in February of every other year. Prior to June 30, the General Assembly enacts the budget through the passage of appropriation acts for the next two fiscal years and sets forth revenue estimates for the same period for the following funds: the General Fund, the Transportation Fund, the Mashantucket Pequot Fund, the Workers' Compensation Administration Fund, the Banking Fund, the Consumer Counsel and Public Utility Control Fund, the Insurance Fund, the Criminal Injuries Fund, the Soldiers, Sailors, and Marines Fund and the Regional Market Operations Fund. Under the State Constitution, the Governor has the power to veto any part of the itemized appropriations bill and to accept the remainder of the bill. However, the General Assembly may separately reconsider and repass the disapproved items by a two-thirds majority vote of both the Senate and the House.

Budgetary control is maintained at the individual appropriation account level by agency as established in authorized appropriation bills and is reported in the Annual Report of the State Comptroller. A separate document is necessary because the level of legal control is more detailed than reflected in the CAFR. Before an agency can utilize funds appropriated for a particular purpose, such funds must be allotted for the specific purpose by the Governor and encumbered by the Comptroller upon request by the agency. Such funds can then be expended by the Treasurer only upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. The allotment process maintains expenditure control over special revenue, enterprise, and internal service funds that are not budgeted as part of the annual appropriation act.

The Governor has the power under Connecticut statute to modify budgetary allotment requests for the administration, operation and maintenance of a budgeted agency. However, the modification cannot exceed 3 percent of the fund or 5 percent of the appropriation amount. Modifications beyond those limits, but not in excess of 5 percent of the total funds, require the approval of the Finance Advisory Committee. The Finance Advisory Committee is comprised of the Governor, the Lieutenant Governor, the Treasurer, the Comptroller, two senate members, not of the same political party, and three house members, not more than two of the same political party. Additional reductions of appropriations of more than 5 percent of the total appropriated fund can be made only with the approval of the General Assembly.



All funds, except fiduciary funds, use encumbrance accounting. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditures of the fund are recorded in order to reserve that portion of the applicable appropriation. All encumbrances lapse at year-end and, generally, all appropriations lapse at year-end except for certain continuing appropriations (continuing appropriations are defined as carry forwards of spending authority from one fiscal budget into a subsequent budget). The continuing appropriations include: appropriations continued for a one-month period after year-end which are part of a program that was not renewed the succeeding year; appropriations continued the entire succeeding year, as in the case of highway and other capital construction projects; and appropriations continued for specified amounts for certain special programs. Carry forward appropriations are reported as reservations of the fund balance in the financial statements.

The budget is prepared on a "modified cash" basis of accounting under which revenues are recognized when received, except for certain taxes and Federal and other restricted grant revenues of the General and Transportation funds which are recognized when earned. Tax revenues recognized when earned include the following: sales and use, personal income, corporation, public service corporations, petroleum companies, cigarettes, alcoholic beverages, gasoline, special motor fuel, and motor carrier road. Under the modified cash basis, expenditures are recognized when paid. A comparison of actual results of operations recorded on this basis and the adopted budget is presented in the financial statements for the General and Transportation funds. During the 2003 fiscal year, the original adopted budget was adjusted by the General Assembly and the Finance Advisory Committee.

## **f. Assets and Liabilities**

### ***Cash and Cash Equivalents*** [\*\(see Note 4\)\*](#)

In addition to petty cash and bank accounts, this account includes cash equivalents - short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents include investments in the Short-Term Investment Fund ("STIF") and the Tax Exempt Proceeds Fund, Inc. ("TEPF"). TEPF is a short-term, tax-exempt money market fund reported under the Investment Company Act of 1940. Investments in STIF and TEPF are reported at the fund's share price.

### ***Investments*** [\*\(see Note 4\)\*](#)

Investments include Equity in Combined Investment Funds and other investments. Equity in Combined Investment Funds is reported at fair value based on the funds' current share price. Other investments are reported at fair value, except for the following investments which are reported at cost or amortized cost:

- Nonparticipating interest-earning investment contracts.
- Money market investments that mature within one year or less at the date of their acquisition.
- Investments of the External Investment Pool fund (an Investment Trust fund).

The fair value of other investments is determined based on quoted market prices except for:

- The fair value of State bonds held by the Clean Water and Drinking Water funds (Enterprise funds) which is estimated using matrix pricing.
- The fair value of equity and debt securities held by the Connecticut Innovations, Incorporated, a component unit. The fair value of these investments is determined by the Valuation Committee of the Corporation, after giving consideration to pertinent information about the companies comprising the investments, including but not limited to recent sales prices of the issuer's securities, sales growth, progress toward business goals, and other operating data.

The State invests in derivatives. These investments are held by the Combined Investment Funds and are reported at fair value in each fund's statement of net assets.

### ***Inventories***

Inventories are reported at cost. Cost is determined by the first-in first-out (FIFO) method. Inventories in the governmental funds consist of expendable supplies held for consumption whose cost was recorded as an expenditure at the time the individual inventory items were purchased. Reported inventories in these funds are offset by a fund balance reserve to indicate that they are unavailable for appropriation.

### ***Capital Assets and Depreciation***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, railways, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the State as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated fair market value at the date of donation.

Collections of historical documents, rare books and manuscripts, guns, paintings, and other items are not capitalized. These collections are held by the State Library for public exhibition, education, or research; and are kept protected, cared for, and preserved indefinitely. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are also not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings	40
Improvements Other than Buildings	10-20
Machinery and Equipment	5-30
Infrastructure	20-28

### ***Securities Lending Transactions (see Note 4)***

Assets, liabilities, income, and expenses arising from securities lending transactions of the Combined Investment Funds are allocated ratably to the participant funds based on their equity in the Combined Investment Funds.

### ***Deferred Revenues***

In the government-wide and fund financial statements, this liability represents resources that have been received, but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

### ***Long-term Obligations***

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and issuance costs are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Other long-term obligations include compensated absences, workers' compensation claims, capital leases, claims and judgments, annuities payable, and the net pension obligation.

In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums

received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### ***Capital Appreciation Bonds***

Capital appreciation (deep-discount) bonds issued by the State, unlike most bonds, which pay interest semi-annually, do not pay interest until the maturity of the bonds. An investor who purchases a capital appreciation bond at its discounted price and holds it until maturity will receive an amount which equals the initial price plus an amount which has accrued over the life of the bond on a semiannual compounding basis. The net value of the bonds is accreted (the discount reduced), based on this semiannual compounding, over the life of the bonds. This deep-discount debt is reported in the government-wide statement of net assets at its net or accreted value rather than at face value.

### ***Compensated Absences***

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Vacation and sick policy is as follows: Employees hired on or before June 30, 1977, and managers regardless of date hired can accumulate up to a maximum of 120 vacation days. Employees hired after that date can accumulate up to a maximum of 60 days. Upon termination or death, the employee is entitled to be paid for the full amount of vacation days owed. No limit is placed on the number of sick days that an employee can accumulate. However, the employee is entitled to payment for accumulated sick time only upon retirement, or after ten years of service upon death, for an amount equal to one-fourth of his/her accrued sick leave up to a maximum payment equivalent to sixty days.

Pursuant to Public Act No. 03-02 the General Assembly enacted an Early Retirement Incentive Program in order to mitigate the deficit of the General Fund. Under the provisions of this program any employee participating in the program shall be eligible for payment of accrued sick days and for the balance of unused vacation leave in accordance with the existing rules as stated above, with the exception of one modification. The modification provides that the balance of any compensated absences shall be paid in three equal installments beginning in fiscal year ending June 30, 2006. The State may, at its option, make the payment in one installment on or before July, 2005 if the amount of the payment is less than \$2,000.

### ***g. Fund Balance***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

### ***h. Interest Rate Swap Agreements***

The State has entered into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements (see Note 17).

### ***i. Interfund Activities***

In the fund financial statements, interfund activities are reported as follows:

***Interfund receivables/payables*** - The current portion of interfund loans outstanding at the end of the fiscal year is reported as due from/to other funds; the noncurrent portion as advances to/from other funds. All other outstanding balances between funds are reported as due from/to other funds. Any residual balances outstanding

between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

***Interfund services provided and used*** - Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. In the statement of activities, transactions between the primary government and its discretely presented component units are reported as revenues and expenses, unless they represent repayments of loans or similar activities.

***Interfund transfers*** - Flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

***Interfund reimbursements*** - Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are not reported in the financial statements.

## **j. Food Stamps**

Food stamps distributed to recipients during the year are recognized as both an expenditure and a revenue in the governmental fund financial statements.

## **k. External Investment Pool**

Assets and liabilities of the Short-Term Investment Fund are allocated ratably to the External Investment Pool Fund based on its investment in the Short-Term Investment Fund (see Note 4). Pool income is determined based on distributions made to the pool's participants.

## **l. Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 2 Budgetary Basis vs. GAAP

The following is a reconciliation of the net change in fund balances as reported in the budgetary and GAAP basis of accounting statements of revenues, expenditures, and changes in fund balances (amounts in thousands):

	General Fund	Transportation Fund
Net change in fund balances (budgetary basis)	\$ (96,615)	\$ (56,734)
Adjustments:		
Increases (decreases) in revenue accruals:		
Receivables and Other Assets	(78,949)	(4,429)
(Increases) decreases in expenditure accruals:		
Accounts Payable and Other Liabilities	59,619	7,381
Salaries and Fringe Benefits Payable	8,706	492
Proceeds of Recovery Notes	222,388	-
Increases (decreases) in continuing appropriations	(81,977)	(8,326)
Net change in fund balances (GAAP basis)	\$ 33,172	\$ (61,616)

The major differences between the budgetary (legal) and the GAAP (generally accepted accounting principles) basis of accounting as reconciled above are as follows:

1. Revenues are recorded when received in cash except for certain year-end accruals (budgetary basis) as opposed to revenues being recorded when they are susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budgetary basis) as opposed to expenditures being recorded when the related fund liability is incurred (GAAP basis).
3. For budgetary reporting purposes, continuing appropriations are reported with other financing sources and uses in the determination of the budgetary surplus or deficit to more fully demonstrate compliance with authorized spending for the year. For GAAP purposes, continuing appropriations are excluded from operations and reported as reserved fund balance.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



# State of Connecticut

## Note 3 Fund Deficits

The following funds have deficit balances at June 30, 2003, none of which constitutes a violation of statutory provisions (amounts in thousands).

<b>Enterprise</b>	
Second Injury & Compensation Assurance	59,533
Bradley Parking Garage	10,318

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



# State of Connecticut

## Note 4 Cash Deposits and Investments

In this note, the State's deposits and investments are classified in categories of "custodial credit risk." This is the risk that the State will not be able to (a) recover deposits if the depository bank fails or (b) recover the value of investments or collateral securities that are in the custody of an outside party if the counterparty to the investment or deposit transaction fails. Classification in category 1 means that the exposure of deposits or investments to potential custodial credit risk is low. The level of potential custodial credit risk is higher for those deposits or investments classified in category 2 and highest for those in category 3.

### Cash Deposits (amounts in million)

At June 30, 2003, the reported amount of the State's deposits was \$(140.7) for the Primary Government and Fiduciary Funds (pooled deposits) and \$15.0 for the Component Units. The corresponding bank balance for such deposits was \$177.1 for the Primary Government and Fiduciary Funds and \$16.7 for the Component Units. Of the bank balance for the Primary Government and Fiduciary Funds \$118.9 was insured by the Federal Deposit Insurance Corporation or held in the State's name (Category 1) and \$58.2 was uninsured and uncollateralized (Category 3). Of the bank balance for the Component Units, \$3.3 was insured by the Federal Deposit Insurance Corporation or held in the Component Units' name (Category 1), and \$13.4 was uninsured and uncollateralized (Category 3).

Category 3 deposits include some deposits that are collateralized as required by state statute. Under the statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to 10 percent, 25 percent, 100 percent, or 120 percent of its public deposits. However, the collateral is held in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

### Investments

The State Treasurer is the chief fiscal officer of State government and is responsible for the prudent management and investment of monies of State funds and agencies as well as monies of pension and other trust funds. The State Treasurer with the advice of the Investment Advisory Council, whose members include outside investment professionals and pension beneficiaries, establishes investment policies and guidelines. Currently, the State Treasurer manages one Short-Term Investment Fund ("STIF") and seven Combined Investment Funds (the "CIFS"), including one international investment fund.

STIF is a money market investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans. STIF's investments are reported at amortized cost (which approximates fair value) in the fund's statement of net assets and are disclosed in this note.

For financial reporting purposes, STIF is considered to be a mixed investment pool - a pool having external and internal portions. The external portion of STIF (i.e. the portion that belongs to participants which are not part of the State's financial reporting entity) is reported as an investment trust fund (External Investment Pool fund) in the fiduciary fund financial statements. The internal portion of STIF (i.e., the portion that belongs to participants that are part of the State's financial reporting entity) is not reported in the financial statements. Instead, each fund's investment in the internal portion of STIF is reported as "cash equivalents" in the government-wide and fund financial statements.

The CIFS are open-ended, unitized portfolios in which the State pension trust and permanent funds are eligible to invest. The State pension trust and permanent funds own the units of the CIFS. The State Treasurer is also

authorized to invest monies of the CIFS in common stock, commercial equity real estate, foreign companies stocks and bonds, commercial and residential mortgages, foreign governments' obligations, mortgage-backed securities, and venture capital partnerships. CIFS' investments are reported at fair value in each fund's statement of net assets and are disclosed in this note.

For financial reporting purposes, the CIFS are considered to be internal investment pools and are not reported in the financial statements. Instead, each fund's equity in the CIFS is reported as investments in the government-wide and fund financial statements. Complete financial information about STIF and the CIFS can be obtained from financial statements issued by the State Treasurer.

As of June 30, 2003, investments consisted of the following (amounts in thousands):

	<b>Primary Government</b>			
	<b>Governmental</b>	<b>Business-Type</b>	<b>Component</b>	<b>Fiduciary</b>
	<b>Activities</b>	<b>Activities</b>	<b>Units</b>	<b>Funds</b>
Equity in CIFS	\$ 88,862	\$ 566	\$ -	\$ 18,210,978
Other Investments	19,208	250,905	85,191	1,049,071
Total Investments-Current	\$ 108,070	\$ 251,471	\$ 85,191	\$ 19,260,049
Other Investments-Noncurrent	\$ -	\$ 421,279	\$ 11,773	\$ -
Other Investments-Restricted	\$ 385,432	\$ 479,827	\$ 1,200,392	\$ -

The following investment schedules disclose the reported amount and fair value of the State's investment in total and by investment type as of June 30, 2003. Further, the reported amounts of these investments are classified according to the following categories of custodial credit risk. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the State's name.

#### **Investments-Primary Government and Fiduciary Funds**

##### **Short-Term Investment Fund**

(amounts in thousands)

<b>Investment Type</b>	<b>Reported Amount Category 1</b>	<b>Fair Value</b>
Certificates of Deposit-Negotiable	\$ 450,000	\$ 450,060
Commercial Paper	1,392,846	1,392,842
Corporate Notes	342,951	342,951
Bankers' Acceptances	64,332	64,504
Bank Notes	402,932	402,932
Federal Agency Securities	102,648	102,851
Extendable Commercial Notes	280,961	280,964
Repurchase Agreements	239,482	239,482
Total Investments	\$ 3,276,152	\$ 3,276,586

#### **Investments-Primary Government and Fiduciary Funds**

##### **Combined Investment Funds**

(amounts in thousands)

<b>Investment Type</b>	<b>Reported Amount (Fair Value)</b>		<b>Total</b>
	<b>Category 1</b>	<b>Category 3</b>	
Certificates of Deposit-Negotiable	\$ -	\$ 60,114	\$ 60,114
Asset Backed Securities	788,036	-	788,036
U.S. Government and Agency Securities:			

Not on Securities Loan	1,687,615	-	1,687,615
On Securities Loan for Securities or			
Letter of Credit Collateral	-	150,024	150,024
Mortgage Backed Securities	739,456	-	739,456
Corporate Debt	3,247,622	1,192,946	4,440,568
Convertible Securities	61,098	-	61,098
U. S. Corporate Stock:			-
Not on Securities Loan	6,246,530	-	6,246,530
On Securities Loan for Securities or			
Letter of Credit Collateral	-	9,567	9,567
International Equity Securities:			
Not on Securities Loan	1,633,803	-	1,633,803
On Securities Loan for Securities or			
Letter of Credit Collateral	-	994	994
Short-term Investments	-	175,600	175,600
Preferred Stock	34,102	-	34,102
	\$ 14,438,262	\$ 1,589,245	\$ 16,027,507
Investments not categorized			
because they are not evidenced by securities			
that exist in physical or book entry form.			
Real Estate Investment Trusts			67,885
Mutual Funds			46,092
Limited Liability Corporations			35,563
Trusts			49,684
Limited Partnerships			2,042,184
Annuities			12,401
Securities Held by Brokers-Dealers under Sec. Loans for Cash Collateral:			
U.S. Government and Agency Securities			621,220
U. S. Corporate Stock			347,361
International Equity Securities			274,857
Domestic Fixed Securities			133,225
International Fixed Securities			2,796
			\$ 19,660,775

The pension trust funds own approximately 100 percent of the investments that are in categories 1 and 3.

The CIFS account for the purchase and sale of investments using "trade date" accounting - investments are increased or decreased on the date the purchase or sales order is made although the investments are not received or delivered until a later date (settlement date). Thus, the above schedule was prepared taking into account unsettled sales and purchases of investments. This means that investments under unsettled sales are included in the schedule, because the investments are still subject to custodial credit risk that could result in losses prior to settlement. Conversely, investments under unsettled purchases are excluded from the schedule, because the investments are still in the hands of the dealers.

**Other Investments-Primary Government**  
(amounts in thousands)

Investment Type	Reported Amount		Fair Value
	Category 1	Total	
Collateralized Investment Agreements	\$ 310,236	\$ 310,236	\$ 310,236
State/Municipal Bonds	127,854	127,854	127,854
U.S. Government & Agency Securities	391,492	391,492	391,492
Common Stock	19,889	19,889	19,889
Corporate Bonds	51,938	51,938	51,938
Other	6,274	6,274	6,274
	\$ 907,683	\$ 907,683	\$ 907,683

Investments not categorized because they are not evidenced by securities that exist in physical or book entry form:

Annuity Contracts	431,606	431,606
Mutual Funds	126,504	126,504
Guaranteed Investment Contracts	81,052	81,052
Tax Exempt Proceeds Fund	62,989	62,989
Limited Partnerships	3,248	3,248
Money Market Funds	4,545	4,545
Other	2,013	2,013
Total Investments	\$ 1,619,640	\$ 1,619,640

The Transportation fund and the Clean Water fund own approximately 42 percent and 39 percent of the investments in Category 1, respectively.

**Other Investments-Component Units**  
(amounts in thousands)

Investment Type	Reported Amount			Fair Value
	Category 1	Category 3	Total	
U.S. Government & Agency Securities	\$ 21,125	\$ 3,093	\$ 24,218	\$ 24,204
Common Stock	58,696	-	58,696	58,696
Repurchase Agreements	109,481	-	109,481	109,481
Collateralized Investment Agreements	4,063	14,201	18,264	18,264
Mortgage Backed Securities and Obligations	557,910	-	557,910	557,910
Corporate Debt	19,963	-	19,963	19,963
Other	19,181	3,137	22,318	22,318
	\$ 790,419	\$ 20,431	810,850	810,836

Investments not categorized because they are not evidenced by securities that exist in physical or book entry form:

Guaranteed Investment Contracts	121,180	121,180
Fidelity Funds	151,939	151,939
Limited Partnerships	4,235	4,235
Money Market Funds	172,207	172,207
Other	36,945	36,945
Total Investments	\$ 1,297,356	\$ 1,297,342

CHFA owns approximately 92 percent and CHESLA owns approximately 75 percent of the investments that are in categories 1 and 3, respectively.

### ***Security Lending Transactions***

Certain of the Combined Investment Funds are permitted by State statute to lend its securities through a lending agent to authorized broker-dealers and banks for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

During the year, the funds' lending agent lent securities similar to the types on loan at year-end and received cash (United States and foreign currency), U.S. Government securities, sovereign debt rated A or better, convertible bonds, and irrevocable bank letters of credit as collateral. The funds' lending agent did not have the ability to pledge or sell collateral securities delivered absent borrower default. Borrowers were required to deliver collateral for each loan equal to: (1) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 102 percent of the market value of the loaned securities; and (2) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105 percent of the market value of the loaned securities. The funds did not impose any restrictions during the fiscal year on the amount of loans that the lending agent made on their behalf and the lending agent indemnified the funds by agreeing to purchase replacement securities, or return the cash collateral thereof in the event any borrowers failed to return the loaned securities or pay distributions thereon. At year-end, the funds had no credit exposure

to the borrowers, because the amounts the funds owed the borrowers exceeded the amounts the borrowers owed the funds.

All securities loans can be terminated on demand by either the funds or the borrowers. Cash collateral is invested by the funds' lending agent, and the average duration of the investments can not exceed (a) 120 days or (b) the average duration of the loans by more than 45 days. At year-end, the average duration of the collateral investments was 63 days; the average duration of the loans was unknown, although it is assumed to remain at one day.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 5 Receivables

As of June 30, 2003, receivables consisted of the following (amounts in thousands):

	Primary Government		Component
	Governmental	Business-Type	Units
	Activities	Activities	
Taxes	\$835,500	\$ -	\$ -
Accounts	1,170,479	356,358	21,806
Loans-Current Portion	-	129,903	30,439
Other Governments	653,426	12,143	-
Interest	5,119	22,805	1,432
Other	17,693	51,626	-
Total Receivables	2,682,217	572,835	53,677
Allowance for			
Uncollectibles	(959,912)	(79,384)	(3,088)
Receivables, net	\$1,722,305	493,451	\$50,589

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 6 Taxes Receivable

Taxes receivable consisted of the following as of June 30, 2003 (amounts in thousands):

	Governmental Activities		
	General	Transportation	
	Fund	Fund	Total
Sales and Use	\$ 408,993	\$ -	\$ 408,993
Income Taxes	166,754	-	166,754
Corporations	69,863	-	69,863
Gasoline and Special Fuel	-	41,055	41,055
Various Other	148,835	-	148,835
Total Taxes Receivable	794,445	41,055	835,500
Allowance for Uncollectibles	(32,540)	(157)	(32,697)
Taxes Receivable, net	\$ 761,905	\$ 40,898	\$ 802,803

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



# State of Connecticut

## Note 7 Loans Receivable

Loans receivable (noncurrent portion) for the primary government and its component units, as of June 30, 2003, consisted of the following (amounts in thousands):

	Primary Government		Component
	Governmental Activities	Business-Type Activities	Units
Industrial	-	-	98,406
Housing	206,672	-	-
Clean Water	46,322	502,847	-
Education	-	27,174	76,924
Other	178,461	19,870	-
Total Loans	431,455	549,891	175,330
Allowance for Uncollectibles	(4,104)	(7,427)	(11,320)
Loans Receivable, Net	\$ 427,351	\$ 542,464	\$ 164,010

The Clean Water fund loans funds to qualified municipalities for planning, design, and construction of water quality projects. These loans are payable over a 20 year period at an annual interest rate of 2 percent and are secured by the full faith and credit or revenue pledges of the municipalities, or both.

The industrial loan program consists of loans made by the Connecticut Development Authority to finance the purchase of land, buildings, and equipment by qualified applicants and to finance other economic development programs of the Authority. These loans are collateralized by assets acquired from the proceeds of the related loans and have originating terms of 1 to 25 years and earn interest at rates ranging from .92 percent to 12 percent. As of June 30, 2003, loans in the amount of \$16.3 million (including loans of \$6.5 million made by other lending institutions) were insured by an insurance fund created by the Authority and by the faith and credit pledged by the State. This insurance fund had net assets of \$7.1 million at year-end. Thus, the State is contingently liable in the event of any defaulted loans that could not be paid out of the assets of the insurance fund.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 8 Restricted Assets

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2003, restricted assets were comprised of the following (amounts in thousands):

	Cash & Cash Equivalents	Investments	Loans, Net of Allowances	Other	Total Restricted Assets
<b>Governmental Activities:</b>					
Debt Service	\$ 236,650	\$ 385,432	\$ -	\$ -	\$ 622,082
Total-Governmental Activities	\$ 236,650	\$ 385,432	\$ -	\$ -	\$ 622,082
<b>Business-Type Activities:</b>					
Bradley International Airport	\$ 69,119	\$ 85,219	\$ -	\$ 3,041	\$ 157,379
Clean Water	65,802	353,236	-	-	419,038
Other Proprietary	35,849	41,372	-	-	77,221
Total-Business-Type Activities	\$ 170,770	\$ 479,827	\$ -	\$ 3,041	\$ 653,638
<b>Component Units:</b>					
CHFA	\$ 461,635	\$ 730,816	\$ 2,858,014	\$ 77,157	\$ 4,127,622
CRRA	88,400	2,002	-	165	90,567
Other Component Units	31,100	467,574	-	5,554	504,228
Total-Component Units	\$ 581,135	\$ 1,200,392	\$ 2,858,014	\$ 82,876	\$ 4,722,417

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 9 Accounts Payable and Accrued Liabilities

As of June 30, 2003, accounts payable and accrued liabilities consisted of the following:

	Vendors	Salaries and Benefits	Interest	Other	Total Payables Accrued Liabilities
<b>Governmental Activities:</b>					
General	\$ 70,759	\$ 134,263	\$ -	\$ 2,106	\$ 207,128
Transportation	11,676	6,653	-	1,443	19,772
Other Governmental	71,108	6,735	-	44,496	122,339
Internal Service	4,694	2,024	-	-	6,718
Reconciling amount from fund financial statements to government-wide financial statements	6,920	-	89,287	-	96,207
Total-Governmental Activities	\$ 165,157	\$ 149,675	\$ 89,287	\$ 48,045	\$ 452,164
<b>Business-Type Activities:</b>					
Higher Education	\$ 84,623	\$ 68,894	\$ 2,394	\$ -	\$ 155,911
Clean Water	-	-	8,642	-	8,642
Other Proprietary	34,176	-	4,940	-	39,116
Total-Business-Type Activities	\$ 118,799	\$ 68,894	\$ 15,976	\$ -	\$ 203,669

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 10 Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not being Depreciated:				
Land	\$ 863,602	\$ 51,546	\$ 3,394	\$ 911,754
Construction in Progress-Infrastructure	997,893	445,367	166,653	1,276,607
Construction in Progress	250,443	451,868	242,040	460,271
Total Capital Assets not being Depreciated	2,111,938	948,781	412,087	2,648,632
Other Capital Assets:				
Buildings	2,357,825	242,040	60,649	2,539,216
Improvements Other than Buildings	295,720	33,485	17,815	311,390
Equipment	1,351,275	68,999	67,057	1,353,217
Infrastructure	9,050,755	166,653	-	9,217,408
Total Other Capital Assets at Historical Cost	13,055,575	511,177	145,521	13,421,231
Less: Accumulated Depreciation For:				
Buildings	1,656,466	63,480	60,649	1,659,297
Improvements Other than Buildings	250,284	15,749	17,815	248,218
Equipment	803,917	165,579	74,741	894,755
Infrastructure	3,331,042	404,614	-	3,735,656
Total Accumulated Depreciation	6,041,709	649,422	153,205	6,537,926
Other Capital Assets, Net	7,013,866	(138,245)	(7,684)	6,883,305
Governmental Activities, Capital Assets, Net	\$ 9,125,804	\$ 810,536	\$ 404,403	\$ 9,531,937

\* Depreciation expense was charged to functions as follows:

### Governmental Activities:

Legislative	\$ 5,323
General Government	42,896
Regulation and Protection	30,203
Conservation and Development	11,217
Health and Hospitals	10,947
Transportation	455,960
Human Services	3,141
Education, Libraries and Museums	32,188
Corrections	33,934
Judicial	13,767

Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets

**Total Depreciation Expense** **\$ 649,422**

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Business-Type Activities</b>				
Capital Assets not being Depreciated:				
Land	\$ 43,654	\$ 1,122	\$ 2	\$ 44,774
Construction in Progress	385,252	300,706	400,819	285,139
Total Capital Assets not being Depreciated	428,906	301,828	400,821	329,913
Capital Assets being Depreciated:				

Buildings	1,973,763	440,002	7,285	2,406,480
Improvements Other Than Buildings	316,956	46,292	1,254	361,994
Equipment	666,786	79,888	26,540	720,134
Total Other Capital Assets at Historical Cost	2,957,505	566,182	35,079	3,488,608
Less: Accumulated Depreciation For:				
Buildings	630,332	69,815	5,631	694,516
Improvements Other Than Buildings	117,208	15,338	600	131,946
Equipment	329,277	55,475	20,259	364,493
Total Accumulated Depreciation	1,076,817	140,628	26,490	1,190,955
Other Capital Assets, Net	1,880,688	425,554	8,589	2,297,653
Business-Type Activities, Capital Assets, Net	\$ 2,309,594	\$ 727,382	\$ 409,410	\$ 2,627,566

## Component Units

Capital assets of the component units consisted of the following as of June 30, 2003:

Land	\$ 27,774
Buildings	189,832
Improvements other than Buildings	362
Machinery and Equipment	235,965
Construction in Progress	36
Total Capital Assets	453,969
Accumulated Depreciation	(218,034)
Capital Assets, net	\$ 235,935

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 11 State Retirement Systems

The State sponsors three major public employee retirement systems: the State Employees' Retirement System (SERS)-consisting of Tier I (contributory), Tier II (noncontributory) and Tier IIA (contributory), the Teachers' Retirement System (TRS), and the Judicial Retirement System (JRS).

The State Comptroller's Retirement Division under the direction of the Connecticut State Employees Retirement Division administers SERS and JRS. The Teachers' Retirement Board administers TRS. None of the above mentioned systems issue stand-alone financial reports. However, financial statements for SERS, TRS, and JRS are presented in Note No. 13.

### Plan Descriptions, Funding Policy, and Annual Pension Cost and Net Pension Obligation

Membership of each plan consisted of the following at the date of the latest actuarial evaluation:

	SERS 6/30/2002	TRS 6/30/2002	JRS 6/30/2002
Retirees and beneficiaries receiving benefits	32,354	22,303	210
Terminated plan members entitled to but not yet receiving benefits	1,496	1,508	1
Active plan members	54,287	48,902	220
<b>Total</b>	<b>88,137</b>	<b>72,713</b>	<b>431</b>

### State Employees' Retirement System

#### *Plan Description*

SERS is a single-employer defined-benefit pension plan covering substantially all of the State full-time employees who are not eligible for another State sponsored retirement plan. Plan benefits, cost-of-living adjustments, contribution requirements of plan members and the State, and other plan provisions are described in Sections 5-152 to 5-192 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

#### *Funding Policy*

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Tier I Plan B and Hazardous Duty members are required to contribute 2 percent and 4 percent respectively, of their salary up to the Social Security Taxable Wage Base plus 5 percent above that level; Tier I Plan C members are required to contribute 5 percent of their annual salary; Tier IIA members are required to contribute 2 percent and hazardous duty members are required to contribute 5 percent. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

### Teachers Retirement System

#### *Plan Description*

TRS is a single-employer defined-benefit pension plan covering any teacher, principal, superintendent or supervisor engaged in service of public schools in the State. Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-

183pp of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

### ***Funding Policy***

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 6 percent of their annual salary. The State is required to contribute at an actuarially determined rate. For fiscal year 2003, the annual required contribution (ARC) was \$221.2 million; however, the State contributed \$179.8 million to the plan, reflecting a reduction of \$41.4 million by the legislature to the State's TRS appropriation. Administrative costs of the plan are funded by the State.

## **Judicial Retirement System**

### ***Plan Description***

JRS is a single-employer defined-benefit pension plan covering any appointed judge or compensation commissioner in the State. Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 51-49 to 51-51 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

### ***Funding Policy***

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 6 percent of their annual salary. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

### ***Annual Pension Cost, Net Pension Obligation, and Related Information***

The State's annual pension cost and net pension obligation to SERS, TRS, and JRS for the current year were as follows (amounts in thousands):

	<b>SERS</b>	<b>TRS</b>	<b>JRS</b>
Annual required contribution	\$ 421,452	\$ 221,236	\$ 10,126
Interest on net pension obligation	171,495	93,476	3
Adjustment to annual required contribution	(107,420)	(59,716)	(2)
Annual pension cost	485,527	254,996	10,127
Contributions made	421,452	179,824	10,126
Increase (decrease) in net pension obligation	64,075	75,172	1
Net pension obligation beginning of year	2,017,588	1,099,721	40
Net pension obligation end of year	<b>\$ 2,081,663</b>	<b>\$ 1,174,893</b>	<b>\$ 41</b>

Three-year trend information is as follows (amounts in thousands):

	<b>Fiscal Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
SERS	2001	439,317	85.5%	1,953,580
	2002	479,501	86.7%	2,017,588
	2003	485,527	86.8%	2,081,663



TRS	2001	286,527	74.9%	1,057,828
	2002	246,404	83.0%	1,099,721
	2003	254,996	70.6%	1,174,893
JRS	2001	9,839	100%	39
	2002	9,599	100%	40
	2003	10,127	100%	41

### Defined Contribution Plan

The State also sponsors the Connecticut Alternate Retirement Program (CARP), a defined contribution plan. CARP is administered by the State Comptroller's Retirement Office under the direction of the Connecticut State Employees Retirement Division. Plan provisions, including contribution requirements of plan members and the State, are described in Section 5-156 of the General Statutes.

Unclassified employees at any of the units of the Connecticut State System of Higher Education are eligible to participate in the plan. Plan members are required to contribute 5 percent of their annual salaries. The State is required to contribute 8 percent of covered salary. During the year, plan members and the State contributed \$22.8 million and \$36.0 million, respectively.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 12 Other Retirement Systems Administered by the State of Connecticut

The State acts solely as the administrator and custodian of the assets of the Connecticut Municipal Employees' Retirement System (CMERS) and the Connecticut Probate Judges and Employees Retirement System (CPJERS). The State makes no contribution to and has only a fiduciary responsibility for these funds. None of the above mentioned systems issue stand-alone financial reports. However, financial statements for CMERS and CPJERS are presented in [Note No. 13](#).

### *Plan Descriptions and Contribution Information*

Membership of each plan consisted of the following at the date of the latest actuarial valuation:

	CMERS 6/30/2002	CPJERS 12/31/2002
Retirees and beneficiaries receiving benefits	4,741	226
Terminated plan members entitled to but not receiving benefits	332	34
Active plan members	8,426	371
Total	<b>13,499</b>	<b>631</b>
Number of participating employers	164	1

### **Connecticut Municipal Employees' Retirement System**

#### *Plan Description*

CMERS is a cost-sharing multiple-employer defined benefit pension plan that covers fire, police, and other personnel (except teachers) of participating municipalities in the State. Plan benefits, cost-of-living adjustments, contribution requirements of plan members and participating municipalities, and other plan provisions are described in Chapters 7-425 to 7-451 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

#### *Contributions*

Plan members are required to contribute 2.25 percent to 5.0 percent of their annual salary. Participating municipalities are required to contribute at an actuarial determined rate. The participating municipalities fund administrative costs of the plan.

### **Connecticut Probate Judges and Employees' Retirement System**

#### *Plan Description*

CPJERS is a single-employer defined benefit pension plan that covers judges and employees of probate courts in the State. Plan benefits, cost-of-living adjustments, required contributions of plan members and the probate court system, and other plan provisions are described in Chapters 45a-34 to 45a-56 of the General statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

#### *Contributions*

Plan members are required to contribute 1.0 percent to 3.75 percent of their annual salary. The probate court system is required to contribute at an actuarial determined rate. Administrative costs of the plan are funded by

the probate court system.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 13 Pension Trust Funds Financial Statements

The financial statements of the pension trust funds are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. State contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investment income and related expenses of the Combined Investment Funds are allocated ratably to the pension trust funds based on each fund's equity in the Combined Investment Funds. ([see Note No. 4](#)).

### Statement of Fiduciary Net Assets (000's)

	State Employees	State Teachers	Judicial	Connecticut Municipal Employees	Probate Judges	Other	Total
<b>Assets</b>							
Cash and Cash Equivalents	\$ 4,447	\$ 827	\$ 4	\$ 190	\$ 7	\$ 75	\$ 5,550
Receivables:							
Accounts, Net of Allowances	2,130	6,812	8	2,598	4	13	11,565
From Other Governments	-	477	-	-	-	-	477
From Other Funds	2,361	-	-	-	-	-	2,361
Interest	326	371	13	93	5	-	808
Investments	6,987,179	9,846,014	125,216	1,174,440	60,483	619	18,193,951
Securities Lending Collateral	544,420	771,017	9,335	87,987	4,903	42	1,417,704
Total Assets	7,540,863	10,625,518	134,576	1,265,308	65,402	749	19,632,416
<b>Liabilities</b>							
Securities Lending Obligation	544,420	771,017	9,335	87,987	4,903	42	1,417,704
Due to Other Funds	-	2,344	-	-	-	-	2,344
Total Liabilities	544,420	773,361	9,335	87,987	4,903	42	1,420,048
<b>Net Assets</b>							
Held in Trust For Employee							
Pension Benefits	6,996,443	9,852,157	125,241	1,177,321	60,499	707	18,212,368
Total Net Assets	\$ 6,996,443	\$ 9,852,157	\$ 125,241	\$ 1,177,321	\$ 60,499	\$ 707	\$ 18,212,368

### Statement of Changes in Fiduciary Net Assets (000's)

	State Employees	State Teachers	Judicial	Connecticut Municipal Employees	Probate Judges	Other	Total
<b>Additions</b>							
Contributions:							
Plan Members	\$ 50,953	\$ 204,965	\$ 1,407	\$ 11,879	\$ 296	\$ 28	\$ 269,528
State	421,452	179,824	10,126	-	-	-	611,402
Municipalities	-	3,491	-	15,959	-	-	19,450
Total Contributions	472,405	388,280	11,533	27,838	296	28	900,380
Investment Income	158,740	221,425	3,411	27,596	1,908	28	413,108
Less: Investment Expenses	(25,410)	(35,413)	(546)	(4,417)	(305)	(4)	(66,095)
Net Investment Income	133,330	186,012	2,865	23,179	1,603	24	347,013
Transfers In	-	-	-	-	1,369	-	1,369
Other	494	-	-	-	-	3	497
Total Additions	606,229	574,292	14,398	51,017	3,268	55	1,249,259
<b>Deductions</b>							

Administrative Expense	310	-	8	11	-	-	329
Benefit Payments and Refunds	702,879	825,554	14,436	61,007	2,271	46	1,606,193
Other	-	-	-	-	1,432	-	1,432
Total Deductions	703,189	825,554	14,444	61,018	3,703	46	1,607,954
Changes in Net Assets	(96,960)	(251,262)	(46)	(10,001)	(435)	9	(358,695)
<b>Net Assets Held in Trust For</b>							
<b>Employee Pension Benefits:</b>							
Beginning of Year	7,093,403	10,103,419	125,287	1,187,322	60,934	698	18,571,063
End of Year	<b>\$ 6,996,443</b>	<b>\$ 9,852,157</b>	<b>\$ 125,241</b>	<b>\$ 1,177,321</b>	<b>\$ 60,499</b>	<b>\$ 707</b>	<b>\$ 18,212,368</b>

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 14 Postemployment Benefits

In addition to the pension benefits described in Note 11, the State provides postretirement health care and life insurance benefits, in accordance with State statutes, Sections 5-257(d) and 5-259(a), to all employees who retire from the State.

As of June 30, 2003, 35,280 retirees of the State Employees Retirement System meet those eligibility requirements. When employees retire, the State may pay up to 100 percent of their health care insurance premium cost (including dependent's coverage) based on the plan chosen by the employee. In addition, the State pays 100 percent of the premium cost for a portion of the employees' life insurance, continued after retirement. The amount of life insurance, continued at no cost to the retiree, is determined based on the number of years of service that the retiree had with the State at time of retirement as follows: (a) if the retiree had 25 years or more of service, the amount of insurance will be one-half of the amount of insurance for which the retiree was insured immediately prior to retirement, but the reduced amount cannot be less than \$7,500 (b) if the retiree had less than 25 years of service, the amount of insurance will be the proportionate amount that such years of service is to 25, rounded to the nearest \$100. The State finances the cost of postretirement health care and life insurance benefits on a pay-as-you-go basis through an appropriation in the General Fund. During the year ended June 30, 2003, \$242.2 million was paid in postretirement benefits.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



# State of Connecticut

## Note 15 Capital and Operating Leases

### a. State as Lessor

The State leases building space, land, and equipment to private individuals. The minimum future lease revenues for the next five years and thereafter are as follows (amounts in thousands):

2004	\$ 31,245
2005	26,191
2006	21,830
2007	21,897
2008	22,087
Thereafter	23,885
Total	\$ 147,135

Contingent revenues for the year ended June 30, 2003, were \$3.0 million.

### State as Lessee

Obligations under capital and operating leases as of June 30, 2003, were as follows (amounts in thousands):

	Noncancelable Operating Leases	Capital Leases
2004	\$ 33,372	\$ 11,642
2005	27,475	8,579
2006	18,525	7,683
2007	13,393	7,354
2008	9,804	6,391
2009-2013	21,107	27,921
2014-2018	-	10,167
2019-2023	-	6,147
2024-2028	-	6,118
2029-2033	-	3,650
Total minimum lease payments	\$ 123,676	95,652
Less: Amount representing interest costs		27,664
Present value of minimum lease payments		\$ 67,988

Minimum capital lease payments were discounted using an interest rate of approximately 6 percent.

Rental and lease payments for equipment charged to expenditures during the year ended June 30, 2003, totaled \$44.7 million.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 16 Changes in General Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2003, (amounts in thousands):

	Balance July 1, 2002	Additions	Reductions	Balance June 30, 2003	Amounts due within one year
Governmental Activities					
Bonds:					
General Obligation	\$ 8,527,436	\$ 1,698,671	\$ 1,009,753	\$ 9,216,354	\$ 673,199
Transportation	3,174,903	637,837	606,925	3,205,815	236,830
	11,702,339	2,336,508	1,616,678	12,422,169	910,029
Plus/(Less) premiums and deferred amounts	55,202	56,088	6,171	105,119	-
Total Bonds	11,757,541	2,392,596	1,622,849	12,527,288	910,029
Economic Recovery Notes	-	219,235	-	219,235	43,720
Other Liabilities:					
Net Pension Obligation	3,117,349	750,649	611,401	3,256,597	-
Compensated Absences	341,039	21,824	14,930	347,933	12,466
Workers' Compensation	245,183	95,707	75,245	265,645	67,633
Capital Leases	76,896	1,078	9,986	67,988	12,360
Claims and Judgments	7,725	3,280	3,393	7,612	4,831
Contracts Payable	-	7,186	-	7,186	-
Total Other Liabilities	3,788,192	879,724	714,955	3,952,961	97,290
<b>Governmental Activities Long-Term Liabilities</b>	<b>\$ 15,545,733</b>	<b>\$ 3,491,555</b>	<b>\$2,337,804</b>	<b>\$ 16,699,484</b>	<b>\$ 1,051,039</b>
In prior years, the General and Transportation funds have been used to liquidate other liabilities.					
Business-Type Activities					
Revenue Bonds	\$ 1,504,799	\$ 142,949	\$ 92,587	\$ 1,555,161	\$ 77,014
Plus/(Less) premiums, discounts and deferred amounts	6,075	166	524	5,717	-
Total Revenue Bonds	1,510,874	143,115	93,111	1,560,878	77,014
Lottery Prizes	473,883	7,914	46,612	435,185	51,165
Compensated Absences	80,773	13,562	6,879	87,456	23,720
Other	52,118	2,863	4,004	50,977	18,179
Total Other Liabilities	606,774	24,339	57,495	573,618	93,064
<b>Business-Type Long-Term Liabilities</b>	<b>\$ 2,117,648</b>	<b>\$ 167,454</b>	<b>\$ 150,606</b>	<b>\$ 2,134,496</b>	<b>\$ 170,078</b>

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 17 Bonded Debt

### Economic Recovery Notes

In December 2002, \$219.2 million of General Obligation Economic Recovery Notes were issued to fund the deficit for the 2001-2002 fiscal year.

Economic recovery notes outstanding at June 30 were \$219.2 million. These notes mature on various dates through 2008 and bear interest rates from 2.0% to 4.0%.

Future amounts needed to pay principal and interest on economic recovery notes outstanding at June 30, 2003, were as follows:

Year Ending June 30,	Principal	Interest	Total
2004	\$ 43,720	\$ 6,507	\$ 50,227
2005	44,155	5,541	49,696
2006	43,920	3,816	47,736
2007	43,720	2,205	45,925
2008	43,720	663	44,383
Total	\$ 219,235	\$ 18,732	\$ 237,967

### a. Primary Government - Governmental Activities

#### General Obligation Bonds

General Obligation bonds are those bonds that are paid out of the revenues of the General fund and that are supported by the full faith and credit of the State. General obligation bonds outstanding and bonds authorized but unissued at June 30, 2003, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Capital Improvements	2003-2023	2-7.525%	\$ 2,694,496	\$ 267,792
School Construction	2003-2022	2-7.441%	1,547,684	76,421
Municipal & Other				
Grants & Loans	2003-2022	3-7.513%	1,724,625	633,306
Elderly Housing	2003-2011	7-7.5%	17,366	-
Elimination of Water				
Pollution	2003-2023	4.1-7.525%	289,637	101,919
General Obligation				
Refunding	2003-2019	2.4-6.14%	2,270,467	-
Miscellaneous	2003-2031	3.5-6.75%	143,428	8,034
			8,687,703	\$ 1,087,472
Accretion-Various Capital Appreciation Bonds			528,651	
		Total	\$ 9,216,354	

Future amounts (in thousands) needed to pay principal and interest on general obligation bonds outstanding at June 30, 2003, were as follows:

#### Year Ending

June 30,	Principal	Interest	Total
2004	\$ 675,129	\$ 467,569	\$ 1,142,698
2005	689,771	452,115	1,141,886
2006	651,292	424,792	1,076,084
2007	640,315	402,577	1,042,892
2008	640,564	379,116	1,019,680
2009-2013	2,722,534	1,405,397	4,127,931
2014-2018	1,786,694	466,248	2,252,942
2019-2023	865,394	99,316	964,710
2024-2028	11,450	2,818	14,268
2029-2033	4,560	294	4,854
Total	\$8,687,703	\$ 4,100,242	\$ 12,787,945

### Transportation Related Bonds

Transportation related bonds include special tax obligation bonds and general obligation bonds that are paid out of revenues pledged or earned in the Transportation Fund. The revenue pledged or earned in the Transportation Fund to pay special tax obligation bonds is transferred to the debt service fund for retirement of principal and interest.

Transportation related bonds outstanding and bonds authorized but unissued at June 30, 2003, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Specific Highways	2012-2017	4.25-5.50%	\$ 11,228	\$ 4,066
Infrastructure				
Improvements	2005-2022	3-8.0%	3,186,117	357,663
General Obligation				
Other	2008-2013	4.6-7.525%	500	1
			3,197,845	\$ 361,730
Accretion-Various Capital Appreciation Bonds			7,970	
		Total	\$ 3,205,815	

Future amounts (in thousands) required to pay principal and interest on transportation related bonds outstanding at June 30, 2003, were as follows:

Year Ending June 30,	Principal	Interest	Total
2004	\$ 236,830	\$ 152,541	\$ 389,371
2005	234,490	140,432	374,922
2006	258,575	128,341	386,916
2007	246,378	121,373	367,751
2008	254,273	108,961	363,234
2009-2013	1,143,238	325,926	1,469,164
2014-2018	599,540	102,656	702,196
2019-2023	224,521	20,465	244,986
Total	\$ 3,197,845	\$ 1,100,695	\$ 4,298,540

### Variable-Rate Demand Bonds

As of June 30, 2003, variable-rate demand bonds included in bonded debt were as follows (amounts in thousands).

<b>Bond Type</b>	<b>Outstanding Principal</b>	<b>Issuance Year</b>	<b>Maturity Year</b>
Special Tax Obligation	\$ 142,900	1990	2010
General Obligation	100,000	1997	2014
Special Tax Obligation	100,000	2000	2020
General Obligation	100,000	2001	2021
Special Tax Obligation	421,980	2003	2022
<b>Total</b>	<b>\$ 864,880</b>		

The State entered into various Remarketing and Standby Bond Purchase agreements with certain brokerage firms and banks upon the issuance of the bonds.

The bonds were issued bearing a weekly interest rate, which is determined by the State's remarketing agents. The State has the option of changing at any time the weekly interest rate on the bonds to another interest rate, such as a flexible rate or a daily rate. Bonds bearing interest at the weekly rate are subject to purchase at the option of the bondholder at a purchase price equal to principal plus accrued interest, if any, on a minimum seven days' notice of tender to the State's agent. In addition, the bonds are subject to mandatory purchase upon (1) conversion from the weekly interest rate to another interest rate and (2) substitution or expiration of the Standby Bond Purchase agreements. The State's remarketing agent is responsible for using its best efforts to remarket bonds properly tendered for purchase by bondholders from time to time. The State is required to pay the Remarketing agents a quarterly fee of .05 percent per annum of the outstanding principal amount of the bonds.

The Standby Bond Purchase agreements require the banks to purchase any unremarketed bonds bearing the weekly interest rate for a price not to exceed the amount of bond principal and accrued interest, if any. The State is required to pay the banks a quarterly fee ranging from .065 percent to .20 percent per annum of the outstanding principal amount of the bonds plus interest. These fees would be increased if the credit rating for the bond insurers was to be downgraded, suspended, or withdrawn.

The Standby Bond Purchase agreements expire as follows:

1990 STO expires in the year 2005 and could be extended for another five years,

1997 GO expires in the year 2004 and could be extended annually for another year,

2000 STO expires in the year 2014 and could be extended for another seven years,

2001 GO expires in the year 2008, and

2003 STO expires in the year 2008 and could be extended for another five years.

These agreements could be terminated at an earlier date if certain termination events described in the agreements were to occur.

## **Interest Rate Swaps**

### *Objective of the swaps*

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, the State has entered six separate pay-fixed, receive-variable interest rate swaps at a cost less than what the State would have paid to issue fixed-rate debt. Two of the swaps were executed in December 1990, one was executed in June 2001 and the other three were executed in January 2003.

### *Terms, fair values, and credit risk*

The terms, including the fair values and credit ratings of the outstanding swaps as of June 30, 2003, are as follows. The notional amount of the swaps match the principal amount of the associated debt. The State's swap

agreements, except for the June 2001 swap, contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated debt. For the June 2001 swap, the swap agreement and associated debt are non-amortizing and mature on June, 2012.

Notional					SWAP		
Associated	Amounts	Effective	Fixed	Variable Rate	Fair	Termination	Counterparty
Bond	(000's)	Date	Rate		Values		
Issue			Paid	Received	(000's)	Date	Credit Rating
1990 STO	\$ 85,800	12/19/1990	5.746%	65% of LIBOR (1)	(13,481)	12/1/2010	Aaa/AAA/AAA
1990 STO	57,100	12/19/1990	5.709%	65% of LIBOR (1)	(8,924)	12/1/2010	A3/BBB
2001 GO	20,000	6/28/2001	4.616%	CPI (3) plus 1.43%	(1,832)	6/15/2012	Aa3/A+/AA-
2003 STO	120,385	1/23/2003	3.293%	BMA(2) monthly weighted average less 10bp (through 1/3/07); 55% LIBOR (1) plus 50 bp thereafter	(6,101)	2/1/2022	Aa1/AA-/AA
2003 STO	100,000	1/23/2003	3.288%	BMA(2) monthly weighted average less 10bp (through 1/3/07); 55% LIBOR (1) plus 50 bp thereafter	(4,985)	2/1/2022	Aa1/AA/AA+
2003 STO	201,595	1/23/2003	3.284%	BMA(2) monthly weighted average less 10bp (through 1/3/07); 55% LIBOR (1) plus 50 bp thereafter	(10,773)	2/1/2022	Aa2/AA+/AA+
<b>Total</b>	<b>\$</b> <b>584,880</b>				<b>\$ (46,096)</b>		

(1) London Interbank Offered Rate

(2) The Bond Market Association Municipal Swap Index.

(3) Consumer Price Index

### *Fair value*

Because interest rates have declined, all swaps had a negative fair value as of June 30, 2003. The negative fair values may be countered by reductions in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the State's variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payment required under the swaps, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date each future net settlement on the swaps.

As of June 30, 2003, the State was not exposed to credit risk on any of its outstanding swaps because the swaps had negative fair values. However, should interest rates change and the fair values of the swaps become positive, the State would be exposed to credit risk in the amount of the swaps' fair value.

The swap agreements contain varying collateral agreements with the counterparties. All three of the swap agreements executed in 2003 require collateralization of the fair value of the swap in cash or government securities should the counterparty's credit rating fall below Aa3 as issued by Moody's Investors Service or AA- as issued by Standard & Poor's Ratings or Fitch Ratings. One of the swaps executed in 1990 requires collateral of cash or securities if the counterparty credit rating falls below A1/A+. The other swap agreements do not have any provisions for posting of collateral. The State is not required to post collateral for any of the swaps.

Because, the State has not entered into more than one derivative transaction with any one counterparty, master netting agreements have not been needed.

All of the six swaps are executed with different counterparties. The largest, approximately 34 percent of the notional amount of swaps outstanding, is held with one counterparty, rated Aa2/AA+. One of the December 1990 swaps, approximately 10% of the notional amount of swaps outstanding, is held with the lowest rated



counterparty, rated A3/BBB. All other swaps are held with separate counterparties who are rated Aa1/AA or better.

### *Basis Risk*

The State's variable-rate bond coupon payments are equivalent to the BMA index rate, or the CPI plus 1.43% rate (2001 GO bonds only). For those swaps for which the State receives a variable-rate payment other than BMA or CPI, the State is exposed to basis risk should the relationship between LIBOR and BMA converge. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized. As of June 30, 2003, the BMA rate was 0.98 percent, whereas 65 percent of LIBOR was 0.86 percent. The State recognizes this basis risk by including an amount for basis risk in its debt service budget. For fiscal 2003, the state budgeted \$1,500,000 in basis risk for all six swap agreements.

### *Termination Risk*

The State or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If any of the swaps is terminated, the associated variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swap has a negative fair value, the State would be liable to the counterparty for a payment equal to the swap's fair value. Under the 2003 swap agreements, the State has up to 270 days to fund any required termination payment. Under the 1990 swap agreements, the State may fund any required termination payment over a five-year period.

### *Rollover Risk*

Because all of the swap agreements terminate when the associated debt is fully paid, the State is only exposed to rollover risk if an early termination occurs. Upon an early termination, the State will not realize the synthetic rate offered by the swaps on the underlying debt issues.

### *Swap Payments and Associated Debt*

Using rates as of June 30, 2003, debt service requirements of the State's outstanding variable-rate bonds and net swap payments are as follows (amounts in thousands). As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30,	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	SWAP, Net	
2004	\$ 16,920	\$ 6,754	\$ 16,337	\$ 40,011
2005	18,025	6,570	15,557	40,152
2006	19,135	6,374	14,726	40,235
2007	20,350	6,165	13,373	39,888
2008	21,665	5,944	11,779	39,388
2009-2013	140,100	26,205	44,704	211,009
2014-2018	286,465	10,701	21,009	318,175
2019-2023	62,220	871	1,710	64,801
Total	\$ 584,880	\$ 69,584	\$ 139,195	\$ 793,659

## **b. Primary Government - Business-Type Activities**

### **Revenue Bonds**

Revenue bonds are those bonds that are paid out of resources pledged in the enterprise funds and component units.

Enterprise funds' revenue bonds outstanding at June 30, 2003, were as follows:

Final	Original	Amount
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<b>Funds</b>	<b>Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding (000's)</b>
Higher Education	2003-2030	2.1-7%	\$ 565,197
Bradley International Airport	2012-2031	3.25-7.65%	258,160
Second Injury	2012-2015	4.5-6%	111,130
Clean Water	2011-2022	3.45-11%	537,260
Other:			
Bradley Parking Garage	2006-2024	6.125-8%	53,800
Drinking Water	2022	4-5.5%	29,614
Total Revenue Bonds			1,555,161
Plus/(Less) premiums, discounts and deferred amounts:			
Bradley International Airport			(869)
Clean Water			5,973
Other			613
Revenue Bonds, net			\$ 1,560,878

Bradley Airport has issued various revenue bonds to finance costs of improvements to the airport. As of June 30, 2003, the following bonds were outstanding:

- a. Airport Revenue Refunding Bonds in the amount of \$46.6 million. These bonds were issued in October, 1992, to redeem the 1982 revenue bonds, and are secured by and payable solely from the gross operating revenues generated by the State from the operations of the airport and other receipts, funds or monies pledged in the bond indenture.
- b. Bradley International Airport Revenue Bonds in the amount of \$192.6 million and Bradley International Airport Refunding Bonds in the amount of \$18.9 million. Both bond series are secured by and payable solely from the gross operating revenues generated by the state from the operation of the airport and other receipts, funds or monies pledged in the bond indenture.

In November 1996 and in October 2000, the State issued \$100 million and \$124.1 million of Second Injury Special Assessment Revenue Bonds, respectively. The bonds were issued to reduce long-term liabilities of the fund by settling claims on a one-time lump sum basis. Additionally, the bond indenture allows for the periodic issuance of subordinated bond anticipation notes (BANs) in the form of commercial paper.

In 1994, the State of Connecticut began issuing Clean Water Fund revenue bonds. The proceeds of these bonds are to be used to provide funds to make loans to Connecticut municipalities for use in connection with the financing or refinancing of wastewater treatment projects.

Bradley Parking Garage bonds were issued in 2000 in the amount of \$53.8 million to build a parking garage at the airport.

Future amounts (in thousands) needed to pay principal and interest on revenue bonds outstanding at June 30, 2003, were as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2004	77,015	78,437	155,452
2005	86,410	74,563	160,973
2006	83,175	71,165	154,340
2007	81,413	65,378	146,791
2008	93,191	62,139	155,330
2009-2013	397,456	239,497	636,953
2014-2018	276,097	151,755	427,852
2019-2023	222,489	87,760	310,249
2024-2028	133,705	42,760	176,465

2029-2033	96,560	11,856	108,416
2034	7,650	191	7,841
<b>Total</b>	<b>\$ 1,555,161</b>	<b>\$ 885,501</b>	<b>\$ 2,440,662</b>

### c. Component Units

Component units' revenue bonds outstanding at June 30, 2003, were as follows:

<b>Component Unit</b>	<b>Final Maturity Date</b>	<b>Interest Rates</b>	<b>Amount Outstanding (000's)</b>
CT Development Authority	2004-2019	4.75-8.75%	\$ 48,625
CT Housing Finance Authority	2003-2045	1.37-9.36%	3,299,365
CT Resources Recovery Authority	2004-2016	5.125-7.7%	224,010
Other:			
CT Higher Education			
Supplemental Loan Authority	2004-2021	4-7.5%	114,260
CT Health and Educational			
Facilities Authority	2004-2004	4.32-14.94%	1,960
Total Revenue Bonds			3,688,220
Less discount on CDA bonds			(56,563)
Revenue Bonds, net			\$ 3,631,657

Revenue bonds issued by the component units do not constitute a liability or debt of the State. The State is only contingently liable for those bonds as discussed below.

Connecticut Development Authority's revenue bonds are issued to finance such projects as the acquisition of land or the construction of buildings, and the purchase and installation of machinery, equipment, and pollution control facilities. The Authority finances these projects through its Self-Sustaining Bond Program and Umbrella Program. Under the Umbrella Program, bonds outstanding at June 30, 2003 were \$8.1 million. Assets totaling \$7.2 million are pledged under the terms of the bond resolution for the payment of principal and interest on these bonds until such time as it is determined that there are surplus funds as defined in the bond resolution. Bonds issued under the Self-Sustaining Bond Program are discussed in the no-commitment debt section of this note. In addition, the Authority had \$40.6 million in general obligation bonds outstanding at year-end. These bonds were issued to finance the lease of an entertainment/sports facility and the purchase of a hockey team.

Connecticut Housing Finance Authority's revenue bonds are issued to finance the purchase, development and construction of housing for low and moderate-income families and persons throughout the State. The Authority has issued bonds under a bond resolution dated 9/27/72 and an indenture dated 9/25/95. As of December 31, 2002, bonds outstanding under the bond resolution and the indenture were \$3,253.3 million and \$46.1 million, respectively. According to the bond resolution, the following assets of the Authority are pledged for the payment of the bond principal and interest (1) the proceeds from the sale of bonds, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed from the Authority's general fund, and (3) all monies and securities of the Authority's general and capital reserve funds. The capital reserve fund is required to be maintained at an amount at least equal to the amount of principal, sinking fund installments, and interest maturing and becoming due in the next succeeding calendar year (\$277.2 million at 12/31/02) on all outstanding bonds. In addition, all assets of the Authority's general and capital reserve funds (\$4,074.2 million) are restricted until such time as they are determined to be "surplus funds." As of December 31, 2002, the Authority has entered into interest rate swap agreements for \$740.8 million of its variable rate bonds. These agreements are similar in nature to agreements discussed in the interest rate swaps section of this note.

Connecticut Resources Recovery Authority's revenue bonds are issued to finance the design, development and construction of resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts and monies pledged in the bond indentures.

Connecticut Higher Education Supplemental Loan Authority's revenue bonds are issued to provide loans to students, their parents, and institutions of higher education to assist in the financing of the cost of higher education. These loans are issued through the Authority's Bond fund. According to the bond resolutions, the Authority internally accounts for each bond issue in separate funds, and additionally, the Bond fund includes individual funds and accounts as defined by each bond resolution.

Connecticut Health and Educational Facilities Authority's revenue bonds are issued to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions. Prior to July 1, 1979, the Authority issued general obligation bonds for which the Authority is ultimately responsible for the payment of principal and interest when due. After July 1, 1979, the Authority has issued only special obligation bonds, which are discussed in the no-commitment debt section of this note. At year-end, the Authority had \$2.0 million in outstanding general obligation bonds.

Each Authority has established special capital reserve funds that secure all the outstanding bonds of the Authority at year-end, except as discussed next. These funds are usually maintained at an amount equal to next year's bond debt service requirements. The State may be contingently liable to restore any deficiencies that may exist in the funds in any one year in the event that the Authority is unable to do so. For the Connecticut Resources Recovery Authority, the amount of bonds outstanding at year-end that were secured by the special capital reserve funds was \$194.4 million. For the Connecticut Health and Educational Facilities Authority, the general obligation bonds outstanding at year-end were not secured by the special capital reserve funds.

Future amounts (in thousands) needed to pay principal and interest on revenue bonds outstanding at June 30, 2003, were as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2004	258,961	364,101	623,062
2005	145,311	182,616	327,927
2006	152,099	175,037	327,136
2007	144,707	167,047	311,754
2008	30,755	13,697	44,452
2009-2013	844,997	697,684	1,542,681
2014-2018	697,276	482,584	1,179,860
2019-2023	525,244	311,991	837,235
2024-2028	538,715	171,325	710,040
2029-2033	297,385	61,543	358,928
2034-2038	32,975	8,459	41,434
2039-2043	16,640	3,379	20,019
2044-2048	3,155	221	3,376
<b>Total</b>	<b>\$ 3,688,220</b>	<b>\$ 2,639,684</b>	<b>\$ 6,327,904</b>

### **No-commitment debt**

Under the Self-Sustaining Bond program, The Connecticut Development Authority issues revenue bonds to finance such projects as described previously in the component unit section of this note. These bonds are paid solely from payments received from participating companies (or from proceeds of the sale of the specific projects in the event of default) and do not constitute a debt or liability of the Authority or the State. Thus, the balances are not included in the Authority's financial statements. Total bonds outstanding for the year ended June 30, 2003 were \$1,058.1 million.

The Connecticut Resources Recovery Authority has issued several bonds to fund the construction of waste processing facilities by independent contractors/operators. These bonds are payable from a pledge of revenues derived primarily under lease or loan arrangements between the Authority and the operators. Letters of credit secure some of these bonds. The Authority does not become involved in the construction activities or the

repayment of the debt (other than the portion allocable to Authority purposes). In the event of a default, neither the authority nor the State guarantees payment of the debt, except for the State contingent liability discussed below. Thus, the assets and liabilities that relate to these bond issues are not included in the Authority's financial statements. Total bonds outstanding at June 30, 2003 were \$224.6 million. Of this amount, \$65.1 million was secured by a special capital reserve fund.

The Connecticut Health and Educational Facilities Authority has issued special obligation bonds for which the principal and interest are payable solely from the revenues of the institutions. Starting in 1999, the Authority elected to remove these bonds and related restricted assets from its financial statements, except for restricted assets for which the Authority has a fiduciary responsibility. Total special obligation bonds outstanding at June 30, 2003, were \$4,541.3 million, of which \$386.0 million was secured by special capital reserve funds.

The State may be contingently liable for those bonds that are secured by special capital reserve funds as discussed previously in this section.

#### **d. Debt Refundings**

During the year, the State issued \$748.7 million of general obligation, special tax obligation refunding, and revenue refunding bonds with an average interest rate of 4.52% to advance refund \$715.3 million of general obligation, special tax obligation refunding, and revenue refunding bonds with an average interest rate of 5.26%. The proceeds of the refunding bonds were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future payments on the refunded bonds. Thus, the refunded bonds are considered defeased and the liability for those bonds have been removed from the statement of net assets. The reacquisition price exceeded the carrying amount of the old debt by \$68.5 million. This amount is being netted against the new debt and amortized over the life of the new or old debt, whichever is shorter.

The State advance refunded these bonds to reduce its total debt service payments over the next fifteen years by \$65.9 million and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$42.5 million. As of June 30, 2003, \$2,583.0 million of outstanding general obligation, special tax obligation, and revenue bonds (including prior year's refundings) are considered defeased.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



# State of Connecticut

## Note 18 Risk Management

The risk financing and insurance program of the State is managed by the State Insurance and Risk Management Board. The Board is responsible mainly for determining the method by which the State shall insure itself against losses by the purchase of insurance to obtain the broadest coverage at the most reasonable cost, determining whether deductible provisions should be included in the insurance contract, and whenever appropriate determining whether the State shall act as self-insurer. The schedule below lists the risks of loss to which the State is exposed and the ways in which the State finances those risks.

Risk of Loss	Risk Financed by	
	Purchase of Commercial Insurance	Self- Insurance
Liability (Torts):		
-General (State buildings, parks, or grounds)		X
-Other	X	
Theft of, damage to, or destruction of assets	X	
Business interruptions	X	
Errors or omissions:		
-Professional liability	X	
-Medical malpractice (John Dempsey Hospital)		X
Injuries to employees		X
Natural disasters	X	

For the general liability risk, the State is self-insured because it has sovereign immunity. This means that the State cannot be sued for liability without its permission. For other liability risks, the State purchases commercial insurance only if the State can be held liable under a particular statute (e.g. per statute the State can be held liable for injuries suffered by a person on a defective State highway), or if it is required by a contract.

For the risk of theft, of damage to, or destruction of assets (particularly in the automobile fleet), the State insures only leased cars and vehicles valued at more than \$100 thousand.

When purchasing commercial insurance the State may retain some of the risk by assuming a deductible or self-insured retention amount in the insurance policy. This amount varies greatly because the State carries a large number of insurance policies covering various risks. The highest deductible or self-insured retention amount assumed by the State is \$25 million, which is carried in a railroad liability policy.

The State records its risk management activities related to the medical malpractice risk which are recorded in the Higher Education fund, an Enterprise fund. At year-end, liabilities for unpaid claims are recorded in the statement of net assets (government-wide and proprietary fund statements) when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liabilities are determined based on the ultimate cost of settling the claims, including an amount for claims that have been incurred but not reported and claim adjustment expenses. The liabilities are actuarially determined and the unpaid liability for medical malpractice is reported at its present value, using a discount rate of 5 percent. In the General fund, the liability for unpaid claims is only recorded if the liability is due for payment at year-end. Settlements have not exceeded coverages for each of the past three fiscal years. Changes in the claims liabilities during the last two fiscal years were as follows (amounts in thousands):



	<b>Governmental Activities Workers' Compensation</b>	<b>Business-Type Activities Medical Malpractice</b>
Balance 6-30-01	\$ 326,417	\$ 9,551
Incurred claims	5,845	384
Paid claims	(87,079)	(580)
Balance 6-30-02	245,183	9,355
Incurred claims	95,707	351
Paid claims	(75,245)	(1,206)
Balance 6-30-03	<b>\$ 265,645</b>	<b>\$ 8,500</b>

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 19 Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 2003, were as follows (amounts in thousands):

	Balance due to fund(s)								Total
	General	Transportation	Other Governmental	Higher Education	Employment Security	Internal Services	Fiduciary	Component Units	
<b>Balance due from fund(s)</b>									
General	-	-	550,003	61,165	4,726	4,009	6,806	189	626,898
Transportation	288	-	-	-	-	772	-	-	1,060
Other Governmental	3,206	4,968	951	63,250	-	-	-	20,447	92,822
Higher Education	8,880	-	-	-	-	-	-	-	8,880
Employment Security	-	-	5,791	-	-	-	-	-	5,791
Other Proprietary	339	4,188	-	-	-	-	-	-	4,527
Internal Services	4,961	-	38,751	-	-	-	114	-	43,826
Fiduciary	-	-	-	-	-	-	2,346	-	2,346
Component Units	2,000	-	-	163,602	-	-	-	-	165,602
<b>Total</b>	<b>\$ 19,674</b>	<b>\$ 9,156</b>	<b>\$ 595,496</b>	<b>\$ 288,017</b>	<b>\$ 4,726</b>	<b>\$ 4,781</b>	<b>\$ 9,266</b>	<b>\$ 20,636</b>	<b>\$ 951,752</b>

Interfund receivables and payables arose because of interfund loans and other interfund balances outstanding at year end. \$550 million owed to other governmental funds by the General fund resulted from a loan made by various governmental funds to eliminate a cash overdraft in the General fund. \$6.5 million owed to the General fund by the Internal Services funds and Component Units is noncurrent.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 20 Interfund Transfer

Interfund transfers for the fiscal year ended June 30, 2003, consisted of the following (amounts in thousands):

	Amount transferred to fund(s)							Total
	General	Debt Service	Transportation	Other Governmental	Higher Education	Other Proprietary	Fiduciary	
<b>Amount transferred from fund(s)</b>								
General	\$ -	\$ 1,746	\$ -	93,159	724,511	-	-	\$ 819,416
Debt Service	387	-	25,781	396	-	-	-	26,564
Transportation	52,000	386,071	-	8,500	-	-	-	446,571
Other Governmental	270,518	16,836	429	38,557	170,123	6,161	1,369	503,993
Connecticut Lottery	256,815	-	-	-	-	-	-	256,815
Other Proprietary	-	-	-	3,712	-	15,836	-	19,548
Fiduciary	127,256	-	-	-	-	-	-	127,256
<b>Total</b>	<b>\$ 706,976</b>	<b>\$ 404,653</b>	<b>\$ 26,210</b>	<b>\$ 144,324</b>	<b>\$ 894,634</b>	<b>\$ 21,997</b>	<b>\$ 1,369</b>	<b>\$ 2,200,163</b>

Transfers were made to (1) move revenues from the fund that budget or statute requires to collect them to the fund that budget or statute requires to expend them and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due. During 2003, transfers received by the General fund from the Transportation fund, other Governmental funds (\$67,705), and Fiduciary funds (Agency fund) were for deficit reduction.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 21 Restatement of Net Assets/Fund Balances

As of June 30, 2003, the beginning net assets/fund balances for the following funds and activities were restated as follows (amounts in thousands):

	Balance 6-30-02 Previously Reported	Fund Reclass	Correction of Reported Assets/ Liabilities	Balance 6-30-02 as Restated
<b>Governmental Funds and Activities</b>				
Major Funds:				
Debt Service	\$ 670,771	\$ -	\$ 4,931	\$ 675,702
Total Governmental Funds	\$ 670,771	-	4,931	\$ 675,702
Governmental Activities				
Net assets of Internal Service Funds	32,729	-	(442)	32,287
Deferred Debit on Bond Refundings	60,793	-	7,895	68,688
Net Assets of Governmental Activities	\$ (4,616,959)	\$ -	\$ 12,384	\$ (4,604,575)
<b>Proprietary Funds and Business-Type Activities</b>				
Major Funds:				
Higher Education	\$ 2,401,539	\$ -	\$ 9,392	\$ 2,410,931
Second Injury	(96,075)	96,075	-	-
Clean Water	464,138	(359)	-	463,779
Non-Major funds:				
Second Injury	-	(96,075)	-	(96,075)
Drinking Water	38,495	359	-	38,854
Unadjusted Fund	(8,519)	-	-	(8,519)
<b>Total Non-Major Funds</b>	29,976	(95,716)	-	(65,740)
<b>Total Proprietary Funds</b>	\$ 2,799,578	-	9,392	\$ 2,808,970
<b>Business-Type Activities</b>				
Net Assets of Business-Type Activities	\$ 3,800,033	\$ -	\$ 9,392	\$ 3,809,425
<b>Component Units</b>				
Connecticut Development Authority	\$ 170,061	\$ (170,061)	\$ -	\$ -
Connecticut Resources Recovery Authority	130,920	-	(2,105)	128,815
Other Component Units				
Connecticut Development Authority	-	170,061	-	170,061
Unadjusted Component Units	168,384	-	-	168,384
<b>Total Other Component Units</b>	168,384	170,061	-	338,445
Net Assets of Component Units	\$ 1,087,120	\$ -	\$ (2,105)	\$ 1,085,015

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 22 Related Organizations

Related organizations are legally separate organizations that are not financially accountable to the State. However, these organizations are still related to the State as discussed next.

The State appoints a voting majority of the following organizations' governing boards, the Community Economic Development Fund and the Connecticut Student Loan Foundation. The State's accountability for these organizations does not extend beyond making the appointments.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 23 Commitments and Contingencies

### A. Commitments

At June 30, 2003, the State, including its component units, had the following outstanding commitments:

1. Infrastructure (highways, roads, etc.) and other construction contracts and miscellaneous contracts with various vendors totaling approximately \$1,884.3 million of which \$1,145.7 million is expected to be reimbursed by federal grants or other payments.
2. School construction and alteration grants with various towns for \$3,272 million and interest costs of \$235 million for a total of \$3,507 million. Funding for these projects is expected to come from bond sales.
3. Loan commitments, mortgage and grant programs, and loan guarantees total approximately \$609.3 million. Funding for these programs is expected to come from bond sales.
4. The State has authorized a loan to the Connecticut Resources Recovery Authority ( a component unit) of up to \$115 million to support the repayment of the Authority's debt for one of its facilities and to minimize the amount of tipping fee increases chargeable to the towns which use the facility. As of June 30, 2003, the Authority had drawn \$2 million on these funds.
5. Under a settlement reached between the parties in the Sheff vs. O'Neill lawsuit, the State is committed to spend \$45 million, exclusive of school renovation/construction costs, over the next four years to open two new magnet schools in the Hartford area each year and to substantially increase the voluntary inter-district busing program in the Hartford area.

### B. Contingent Liabilities

The State entered into a contractual agreement with H.N.S. Management Company, Inc. and ATE Management and Service Company, Inc. to manage and operate the bus transportation system for the State. The State shall pay all expenses of the system including all past, present and future pension plan liabilities of the personnel employed by the system and any other fees as agreed upon. When the agreement is terminated the State shall assume or make arrangements for the assumption of all the existing obligations of the management companies including but not limited to all past, present and future pension plan liabilities and obligations.

In 2002 the City of Waterbury issued \$97.5 million of General Obligation Special Capital Reserve Fund Bonds. These bonds are secured by a Special Capital Reserve Fund for which the State may be contingently liable as explained previously in [Note 17 - Component Units](#).

### C. Litigation

The State, its units and employees are parties to numerous legal proceedings, many of which normally occur in government operations. Most of these legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse impact on the State's financial position.

There are, however, several legal proceedings which, if decided adversely against the State, may require the State to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on the future expenditures or revenue sources of the State.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



# State of Connecticut

## Note 24 Special and Extraordinary Items

Special items are significant transactions or other events within management's control that are either unusual in nature or infrequent in occurrence. Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. At the beginning of the fiscal year new State law was enacted to reduce the accumulated General fund deficit. The act required the one time transfer of resources from three of the State's Component Units to the benefit of the General fund. The transfers to the General fund were as follows (amounts in million):

Connecticut Housing Finance Authority	\$85.0
Connecticut Innovations, Incorporated	7.5
Connecticut Development Authority	7.5

The \$85 million from the Connecticut Housing Finance Authority was paid in April 2003, four months after the year-end for this Component Unit.

During the fiscal year, the State, also, transferred \$127.3 million from its Anthem Demutualization Fund (an Agency fund) to reduce the General fund deficit. These resources originated from the sale of shares received from Anthem Blue Cross and Blue Shield, after the company converted its ownership from being a mutual company owned by its participating policyholders to a stock company owed by stockholders.

During the year, the Second Injury fund (an Enterprise fund) used \$33.8 million in excess cash to retire \$29.8 million of its special revenue bonds.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Note 25 Subsequent Events

In July, \$338.6 million of special tax obligation refunding bonds for transportation infrastructure programs were issued. These bonds will mature through September, 2010 and bear interest rates ranging from 2% to 5%.

In August, \$215.6 million of general obligation refunding bonds were issued. The bonds will mature in years 2004 through 2010 and bear interest rates ranging from 3% to 6%.

In October, \$200 million of general obligation and general obligation refunding bonds were issued. The bonds will mature August 15, of the years 2004 through 2023 and bear interest rates ranging from 2% to 5.25%.

In November, \$200 million of general obligation bonds and \$166 million of general obligation refunding bonds were issued. The general obligation bonds will mature October 15, of the years 2004 through 2023 and bear interest rates ranging from 2% to 5.25%. The general obligation refunding bonds will mature March 15, of the years 2004 through 2011 and bear interest rates ranging from 2% to 5%.

In November, \$200 million of special tax obligation bonds were issued. The bonds will mature on January 1, of the years 2005 through 2015 and bear interest rates ranging from 2% to 5%.

In January 2004, \$314.8 million of University of Connecticut general obligation and general obligation refunding bonds were issued. The bonds will mature in years 2005 through 2024 and bear interest rates ranging from 2% to 5%.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Required Supplementary Information

### Schedules of Funding Progress

(Expressed in Millions)

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial	Actuarial	Unfunded				
Valuation	Value of	Actuarial	AAL	Funded	Covered	UAAL
Date	Assets	Liability (AAL)	(UAAL)	Ratio	Payroll	as a Percentage of Covered Payroll
<b>SERS</b>						
6/30/1998	\$5,669.9	\$9,592.4	\$3,922.5	59.1%	\$2,339.0	167.7%
6/30/1999*	-	-	-	-	-	-
6/30/2000	\$7,196.0	\$11,512.1	\$4,316.1	62.5%	\$2,651.9	162.8%
6/30/2001	\$7,638.9	\$12,105.4	\$4,466.5	63.1%	\$2,784.5	160.4%
6/30/2002	\$7,893.7	\$12,806.1	\$4,912.4	61.6%	\$2,852.1	172.2%
6/30/2003	-	-	-	-	-	-
*No actuarial valuations were performed as of June 30, 1999 and June 30, 2003						
<b>TRS</b>						
6/30/1998	\$7,721.1	\$10,970.1	\$3,249.0	70.4%	\$2,298.9	141.3%
6/30/1999*	-	-	-	-	-	-
6/30/2000	\$9,605.9	\$11,797.6	\$2,191.7	81.4%	\$2,501.5	87.6%
6/30/2001*	-	-	-	-	-	-
6/30/2002	\$10,387.3	\$13,679.9	\$3,292.6	75.9%	\$2,698.3	122.0%
6/30/2003*	-	-	-	-	-	-
*No actuarial valuations were performed as of June 30, 1999, 2001 and 2003						
<b>JRS</b>						
6/30/1998	\$98.1	\$168.1	\$70.0	58.4%	\$21.2	330.2%
6/30/1999	\$110.7	\$172.5	\$61.8	64.2%	\$21.9	282.2%
6/30/2000	\$123.4	\$181.7	\$58.3	67.9%	\$24.1	241.9%
6/30/2001	\$133.1	\$193.8	\$60.7	68.7%	\$26.3	230.8%
6/30/2002	\$138.4	\$209.4	\$71.0	66.1%	\$28.9	245.7%
6/30/2003*	-	-	-	-	-	-
*No actuarial valuation was performed as of June 30, 2003						
<b>MERS</b>						
6/30/1997	\$872.0	\$731.1	\$(140.9)	119.3%	\$246.0	(57.3)%
6/30/1998	\$980.4	\$814.1	\$(166.3)	120.4%	\$258.2	(64.4)%
6/30/1999	\$1,100.7	\$860.1	\$(240.6)	128.0%	\$269.4	(89.3)%
6/30/2000	\$1,251.6	\$1,153.2	\$(98.4)	108.5%	\$290.3	(33.9)%
6/30/2001	\$1,353.1	\$1,238.1	\$(115.0)	109.3%	\$311.2	(37.0)%
6/30/2002	\$1,403.4	\$1,319.7	\$(83.7)	106.3%	\$321.8	(26.0)%

#### PJRS

For the Probate Judges Retirement System because the UAAL is zero, the actuarial cost method becomes the aggregate cost method and a schedule of funding progress is not required.

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Required Supplementary Information Schedules of Employer Contributions

(Expressed in Millions)

Fiscal Year	SERS		TRS		JRS		MERS		PJRS	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
1998	\$567.6	59.0%	\$211.0	85.0%	\$9.3	100.0%	\$18.8	100.0%	\$0.25	100.0%
1999	\$315.6	100.0%	\$221.6	85.0%	\$9.3	100.0%	\$18.1	100.0%	\$0.32	100.0%
2000	\$342.8	100.0%	\$240.5	85.0%	\$9.3	100.0%	\$32.0	100.0%	\$-	-
2001	\$375.6	100.0%	\$252.5	85.0%	\$9.8	100.0%	\$15.5	100.0%	\$-	-
2002	\$415.5	100.0%	\$210.7	97.1%	\$9.6	100.0%	\$15.3	100.0%	\$-	-
2003	\$421.5	100.0%	\$221.2	81.3%	\$10.1	100.0%	\$16.0	100.0%	\$-	-

**Note:** During 2000, 2001, 2002 and 2003 the only contributions to the Probate Judges Retirement System were the required member contributions.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

	SERS	TRS	JRS	MERS	PJRS
Valuation date	6/30/2002	6/30/2002	6/30/2002	6/30/2002	12/31/2002
Actuarial cost method	Projected unit credit	Entry age	Projected unit credit	Entry age	Entry Age
Amortization method	Level percent of pay, closed	Level percent of pay, closed	Level percent of pay, closed	Level percent of pay, closed	-
Remaining amortization period	30 Years	10-29 Years	29 Years	7-24 Years	-
Asset valuation method	5 year smoothed market	4 year smoothed market	5 year smoothed market	5 year smoothed market	Asset smoothing
Actuarial assumptions:					
Investment rate of return	8.5%	8.5%	8.5%	8.5%	8.5%
Projected salary increases	4.25-15%	4-8%	5.5%	4.5-11.25%	6%
Includes inflation at	5%	4%	5.5%	3.75%	3.5%
Cost-of-living adjustments	2.75-3.75%	3%	3-5.5%	2.5-5.0%	3%

[Basic Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Balance Sheet

### Nonmajor Governmental Funds - By Fund Type

June 30, 2003

(Expressed in Thousands)

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<b>Assets</b>				
Assets				
Cash and Cash Equivalents	\$116,981	\$-	\$6,037	\$123,018
Investments	19,208	-	88,862	108,070
Securities Lending Collateral	-	-	9,750	9,750
Receivables:				
Accounts, Net of Allowances	25,183	1,621	-	26,804
Loans, Net of Allowances	427,351	-	-	427,351
From Other Governments	11,130	70,284	-	81,414
Other	-	-	2	2
From Other Funds	343,915	251,580	1	595,496
Total Assets	\$943,768	\$323,485	\$104,652	\$1,371,905
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$13,558	\$108,781	\$-	\$122,339
Due to Other Funds	2,459	64,237	711	67,407
Due to Component Units	20,447	-	-	20,447
Deferred Revenue	33,223	3,483	-	36,706
Securities Lending Obligation	-	-	9,750	9,750
Other Liabilities	2,673	-	-	2,673
Total Liabilities	72,360	176,501	10,461	259,322
Fund Balances				
Reserved For:				
Loans	427,351	-	-	427,351
Continuing Appropriations	550	-	-	550
Permanent Investments	-	-	88,862	88,862
Trust Activities	-	-	5,329	5,329
Unreserved	443,507	146,984	-	590,491
Total Fund Balances	871,408	146,984	94,191	1,112,583
Total Liabilities and Fund Balances	\$943,768	\$323,485	\$104,652	\$1,371,905

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds - By Fund Type

For the Fiscal Year Ended June 30, 2003

(Expressed in Thousands)

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<b>Assets</b>				
Revenues				
Taxes	\$10,394	\$-	\$-	\$10,394
Licenses, Permits and Fees	45,882	-	-	45,882
Tobacco Settlement	137,915	-	-	137,915
Intergovernmental	72,990	478,064	-	551,054
Charges for Services	2,941	-	-	2,941
Fines, Forfeits and Rents	2,306	-	-	2,306
Investment Earnings	6,518	-	8,339	14,857
Miscellaneous	83,413	4,211	31	87,655
Total Revenues	362,359	482,275	8,370	853,004
Expenditures				
Current:				
General Government	219,851	-	-	219,851
Regulation and Protection	165,325	-	-	165,325
Conservation and Development	219,604	-	-	219,604
Health and Hospitals	9,209	-	-	9,209
Transportation	6,288	-	-	6,288
Human Services	26,178	-	-	26,178
Education, Libraries, and Museums	496,805	-	1,000	497,805
Corrections	13,524	-	-	13,524
Judicial	9,284	-	-	9,284
Capital Projects	-	871,029	-	871,029
Debt Service:				
Principal Retirement	993	-	-	993
Interest and Fiscal Charges	6,147	5,529	-	11,676
Total Expenditures	1,173,208	876,558	1,000	2,050,766
Excess (Deficiency) of Revenues Over Expenditures	(810,849)	(394,283)	7,370	(1,197,762)
Other Financing Sources (Uses)				
Bonds Issued	754,947	829,963	-	1,584,910
Premium on Bonds Issued	36,832	48,031	-	84,863
Transfers In	143,322	2	1,000	144,324
Transfers Out	(254,425)	(245,867)	(3,701)	(503,993)
Capital Lease Obligations	211	-	-	211
Total Other Financing Sources (Uses)	680,887	632,129	(2,701)	1,310,315
Net Change in Fund Balances	(129,962)	237,846	4,669	112,553
Fund Balances (Deficit) - Beginning (as restated)	1,001,370	(90,862)	89,522	1,000,030
Fund Balances - Ending	\$871,408	\$146,984	\$94,191	\$1,112,583

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## *Special Revenue Funds*

### ***Workers' Compensation Administration:***

to account for assessments collected for the purpose of covering the administrative costs of the Workers' Compensation Commission.

### ***Banking:***

to account for monies collected from various banking institutions throughout the state.

### ***Consumer Counsel and Public Utility Control:***

to account for monies collected from various public utility companies.

### ***Insurance:***

to account for monies collected from authorized insurers within the state.

### ***Criminal Injuries Compensation:***

to account for monies collected from the criminal injuries board.

### ***Regional Market Fund:***

to account for rents and other monies collected for the purpose of providing for the payment of expenses relating to the operation and maintenance of the regional market.

### ***Mashantucket Pequot and Mohegan Fund:***

to account for casino gambling monies collected from the Mashantucket Pequot Tribe and the Mohegan Tribe to be used for the purpose of distribution to towns.

### ***Soldiers, Sailors, and Marines Fund:***

to account for interest earned for the purpose of furnishing food, wearing apparel, medical or surgical care, or funeral expenses of soldiers, sailors, and marines who served in any branch of military service.

### ***Employment Security Administration:***

to account for monies collected from various sources for the purpose of defraying the cost of the administration of unemployment compensation.

### ***Grants and Loan Programs:***

to account for monies collected for the purpose of giving various grants to local governments, organizations, and individuals.

### ***Environmental Programs:***

to account for monies collected for the purpose of providing funds for various environmental programs throughout the state.



***Housing Programs:***

to account for monies collected for the purpose of providing funds for various housing programs throughout the state.

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Combining Balance Sheet Nonmajor Special Revenue Funds

June 30, 2003

(Expressed in Thousands)

	Workers' Compensation	Banking	Consumer Counsel and Public Utility Control	Insurance
Assets				
Cash and Cash Equivalents	\$14,927	\$30,459	\$5,680	\$12,780
Investments	-	-	-	-
Receivables:				
Accounts, Net of Allowances	-	-	-	-
Loans, Net of Allowances	-	-	-	-
From Other Governments	-	-	-	-
From Other Funds	60	-	-	29
Total Assets	\$14,987	\$30,459	\$5,680	\$12,809
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$466	\$353	\$432	\$434
Due to Other Funds	129	148	186	185
Due to Component Units	-	-	-	-
Deferred Revenue	-	-	2,850	5,325
Other Current Liabilities	-	-	2,673	-
Total Liabilities	595	501	6,141	5,944
Fund Balances				
Reserved For:				
Loans	-	-	-	-
Continuing Appropriations	-	250	-	300
Unreserved	14,392	29,708	(461)	6,565
Total Fund Balances	14,392	29,958	(461)	6,865
Total Liabilities and Fund Balances	\$14,987	\$30,459	\$5,680	\$12,809

	Criminal Injuries	Mashantucket Pequot and Mohegan Fund	Regional Market	Soldiers, Sailors & Marines	Employment Security Administration
Assets					
Cash and Cash Equivalents	\$3,186	\$-	\$716	\$-	\$384
Investments	-	-	-	-	-
Receivables:					
Accounts, Net of Allowances	-	-	-	-	-
Loans, Net of Allowances	-	-	-	-	-
From Other Governments	-	-	-	-	11,130
From Other Funds	11	-	-	498	1,507
Total Assets	\$3,197	\$-	\$716	\$498	\$13,021
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$157	\$-	\$17	\$31	\$2,317
Due to Other Funds	-	-	7	467	854

	<b>Criminal Injuries</b>	<b>Mashantucket Pequot and Mohegan Fund</b>	<b>Regional Market</b>	<b>Soldiers, Sailors &amp; Marines</b>	<b>Employment Security Administration</b>
Due to Component Units	-	-	-	-	-
Deferred Revenue	-	-	-	-	553
Other Current Liabilities	-	-	-	-	-
Total Liabilities	157	-	24	498	3,724
Fund Balances					
Reserved For:					
Loans	-	-	-	-	-
Continuing Appropriations	-	-	-	-	-
Unreserved	3,040	-	692	-	9,297
Total Fund Balances	3,040	-	692	-	9,297
Total Liabilities and Fund Balances	\$3,197	\$-	\$716	\$498	\$13,021

	<b>Grant &amp; Loan Programs</b>	<b>Environmental Programs</b>	<b>Housing Programs</b>	<b>Other</b>	<b>Total</b>
Assets					
Cash and Cash Equivalents	\$-	\$42,199	\$6,650	\$-	\$116,981
Investments	-	19,208	-	-	19,208
Receivables:					
Accounts, Net of Allowances	1,494	18,615	3,636	1,438	25,183
Loans, Net of Allowances	174,148	46,322	205,977	904	427,351
From Other Governments	-	-	-	-	11,130
From Other Funds	210,297	12,895	38,751	79,867	343,915
Total Assets	\$385,939	\$139,239	\$255,014	\$82,209	\$943,768
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$7,903	\$751	\$36	\$661	\$13,558
Due to Other Funds	33	328	16	106	2,459
Due to Component Units	20,447	-	-	-	20,447
Deferred Revenue	1,218	18,557	3,630	1,090	33,223
Other Current Liabilities	-	-	-	-	2,673
Total Liabilities	29,601	19,636	3,682	1,857	72,360
Fund Balances					
Reserved For:					
Loans	174,148	46,322	205,977	904	427,351
Continuing Appropriations	-	-	-	-	550
Unreserved	182,190	73,281	45,355	79,448	443,507
Total Fund Balances	356,338	119,603	251,332	80,352	871,408
Total Liabilities and Fund Balances	\$385,939	\$139,239	\$255,014	\$82,209	\$943,768

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

State of Connecticut

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Special Revenue Funds  
June 30, 2003  
(Expressed in Thousands)

Workers' Compensation	Banking	Consumer Counsel and Public Utility Control	Insurance
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Database Results Error

The database connection named 'combining1' is undefined.

This problem can occur if:

- \* the connection has been removed from the web
- \* the file 'global.asa' is missing or contains errors
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- \* the web is not marked as an Application Root

Criminal Injuries	Mashantucket Pequot and Mohegan Fund	Regional Market	Soldiers, Sailors & Marines	Employment Security Administration
----------------------	---	--------------------	-----------------------------------	--

Database Results Error

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- \* the web is not marked as an Application Root

Grant & Loan Programs	Environmental Programs	Housing Programs	Other	Total
-----------------------------	---------------------------	---------------------	-------	-------

Database Results Error

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[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Schedule of Revenues, Expenditures and Changes in Fund Balances

### Budget and Actual - Non-GAAP Budgetary Basis

#### Budgeted Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2003

(Expressed in Thousands)

Workers' Compensation			Banking		
Budget	Actual	Variance	Budget	Actual	Variance

#### Database Results Error

The database connection named 'combining1' is undefined.

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- \* the web is not marked as an Application Root

Consumer Counsel & Public Utility Control			Insurance			Criminal Injuries Commission		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance

#### Database Results Error

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Mashantucket Pequot and Mohegan Fund			Regional Market			Soldiers, Sailors, and Marines		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance

#### Database Results Error

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[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## *Capital Projects Funds*

### *State Facilities:*

to account for proceeds of bond issues and other sources and the subsequent expenditures for the construction of various state buildings and structures.

### *Infrastructure:*

to account for the proceeds of bond issues and related capital project grants to finance the State's transportation infrastructure program over a ten-year period. This program encompasses the planning, acquisition, removal, construction, equipping, reconstruction, repair, rehabilitation and improvement of, and acquisition of easements and rights-of-way with respect to, State highways and bridges, projects on the interstate highway system, alternate highway projects in the interstate substitution program (the "interstate trade-in program"), waterway facilities, aeronautic facilities (excluding Bradley International Airport), the highway safety program, maintenance garages and administrative facilities of the Department, payment of the State's share of the costs of the local bridge program and payment of State contributions to the local bridge revolving fund.

### *Other Transportation:*

to account for the proceeds of bond issues and related grants to be used for other transportation related capital projects.

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

State of Connecticut

Combining Balance Sheet  
Nonmajor Capital Projects Funds

June 30, 2003  
(Expressed in Thousands)

State			
Facilities	Infrastructure	Transportation	Total

Database Results Error

The database connection named 'combining1' is undefined.

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[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



State of Connecticut

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For The Fiscal Year Ended June 30, 2002  
(Expressed in Thousands)

State				
Facilities	Infrastructure	Transportation		Total

Database Results Error

The database connection named 'combining1' is undefined.

- This problem can occur if:
- \* the connection has been removed from the web
  - \* the file 'global.asa' is missing or contains errors
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[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## *Permanent Funds*

### *Soldiers', Sailors', and Marines':*

to account for the principal and interest earned on investments of this fund. Interest earned has been earmarked by the General Assembly for the benefit of resident veterans to provide such things as food, wearing apparel, medical or surgical aid, care and relief or funeral benefits.

### *Connecticut Arts Endowment:*

A fund established to support arts organizations throughout Connecticut. The fund administered by the Connecticut Commission on the Arts, finances grants to eligible arts organizations throughout the state.

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Combining Balance Sheet Nonmajor Permanent Funds

June 30, 2003

(Expressed in Thousands)

	<b>Soldiers, Sailors, &amp; Marines</b>	<b>Connecticut Arts Endowment</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$527	\$-	\$5,510	\$6,037
Investments	59,336	16,318	13,208	88,862
Securities Lending Collateral	6,694	1,816	1,240	9,750
Other Receivables	-	1	1	2
Due From Other Funds	-	-	1	1
<b>Total Assets</b>	<b>\$66,557</b>	<b>\$18,135</b>	<b>\$19,960</b>	<b>\$104,652</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities:</b>				
Due To Other Funds	497	-	214	711
Securities Lending Obligation	6,694	1,816	1,240	9,750
<b>Total Liabilities</b>	<b>7,191</b>	<b>1,816</b>	<b>1,454</b>	<b>10,461</b>
<b>Fund Balances</b>				
<b>Reserved For:</b>				
Permanent Investments	59,336	16,318	13,208	88,862
Trust Activities	30	1	5,298	5,329
<b>Total Fund Balances</b>	<b>59,366</b>	<b>16,319</b>	<b>18,506</b>	<b>94,191</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$66,557</b>	<b>\$18,135</b>	<b>\$19,960</b>	<b>\$104,652</b>

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

State of Connecticut

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Permanent Funds

For The Fiscal Year Ended June 30, 2003  
(Expressed in Thousands)

Soldiers, Sailors, & Marines	Connecticut Arts Endowment	Other	Total
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Database Results Error

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[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## *Enterprise Funds*

### *Bradley Parking Garage:*

In 2000, Bradley parking garage bonds were issued in the amount of \$53,800,000. These bonds were issued to build a parking garage at the airport.

### *Second Injury and Compensation Assurance:*

An extension of the Worker's compensation Act, the fund is currently used to pay claimants whose injuries are made more severe because of a pre-existing condition, and in cases where an injured worker receiving worker's compensation subsequently undergoes an incapacitating relapse.

### *Drinking Water:*

to account for resources used to provide loans to municipalities to finance activities needed to achieve or maintain compliance with the Safe Drinking Water Act.

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Combining Statement of Net Assets Nonmajor Enterprise Funds

June 30, 2003

(Expressed in Thousands)

	Second Injury & Compensation Assurance	Bradley Parking Garage	Drinking Water	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	\$11,659	\$-	\$1,145	\$12,804
Accounts Receivable, Net of Allowances	18,370	-	-	18,370
Loans, Net of Allowances	-	-	22,725	22,725
Interest Receivable	-	-	647	647
Other	81	-	-	81
Total Current Assets	30,110	-	24,517	54,627
Noncurrent Assets:				
Investments	37,259	-	-	37,259
Loans, Net of Allowances	-	-	19,870	19,870
Restricted Assets	-	9,666	47,739	57,405
Capital Assets, Net of Accumulated Depreciation	31	33,559	-	33,590
Other Noncurrent Assets	-	2,216	-	2,216
Total Noncurrent Assets	37,290	45,441	67,609	150,340
Total Assets	67,400	45,441	92,126	204,967
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	14,450	1,791	350	16,591
Current Portion of Long-Term Debt	13,920	-	1,199	15,119
Deferred Revenue	-	-	437	437
Total Current Liabilities	28,370	1,791	1,986	32,147
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Liabilities	98,563	53,968	28,861	181,392
Total Noncurrent Liabilities	98,563	53,968	28,861	181,392
Total Liabilities	126,933	55,759	30,847	213,539
Net Assets (Deficit)				
Invested in Capital Assets, Net of Related Debt	-	(20,241)	-	(20,241)
Restricted for:				
Debt Service	35,308	5,121	-	40,429
Other	-	-	38,643	38,643
Unrestricted	(94,841)	4,802	22,636	(67,403)
Total Net Assets (Deficit)	\$(59,533)	\$(10,318)	\$61,279	\$(8,572)

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Nonmajor Enterprise Funds

June 30, 2003

(Expressed in Thousands)

	Second Injury & Compensation Assurance	Bradley Parking Garage	Drinking Water	Total
Operating Revenues				
Assessments	\$88,713	\$-	\$-	\$88,713
Charges for Sales and Services	-	17,546	-	17,546
Interest on Loans and Notes	-	-	931	931
Miscellaneous	6,432	2,487	-	8,919
Total Operating Revenues	95,145	20,033	931	116,109
Operating Expenses	417			
Salaries, Wages and Administrative	7,607	-	1,946	9,553
Cost of Sales and Services	-	9,169	-	9,169
Claims Paid	40,402	-	-	40,402
Depreciation and Amortization	-	1,006	-	1,006
Total Operating Expenses	48,009	10,175	1,946	60,130
Operating Income	47,136	9,858	(1,015)	55,979
Nonoperating Revenues (Expenses)	417			
Interest and Investment Income	962	441	1,818	3,221
Interest and Fiscal Charges	(7,455)	(3,582)	(1,375)	(12,412)
Other	(91)	-	-	(91)
Total Nonoperating Income (Expense)	(6,584)	(3,141)	443	(9,282)
Income (Loss) Before Grants, Extraordinary Item and Transfers	40,552	6,717	(572)	46,697
Federal Grants	-	-	16,139	16,139
Extraordinary Item-Loss on Early Retirement of Debt	(4,010)	-	-	(4,010)
Transfers In	-	-	7,320	7,320
Transfers Out	-	(8,516)	(462)	(8,978)
Change in Net Assets	36,542	(1,799)	22,425	57,168
Total Net Assets - Beginning (as restated)	(96,075)	(8,519)	38,854	(65,740)
Total Net Assets (Deficit) - Ending	(59,533)	\$(10,318)	\$61,279	\$(8,572)

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



# State of Connecticut

## Combining Statement of Cash Flows Nonmajor Enterprise Funds

June 30, 2003

(Expressed in Thousands)

	Second Injury & Compensation Assurance	Bradley Parking Garage	Drinking Water	Total
Cash Flows from Operating Activities				
Receipts from Customers	\$96,157	\$20,033	\$2,342	118,532
Payments to Suppliers	-	(9,169)	-	(9,169)
Payments to Employees	(7,590)	-	(1,187)	(8,777)
Other Receipts (Payments)	(40,129)	-	(18,087)	(58,216)
Net Cash Provided by (Used in) Operating Activities	48,438	10,864	(16,932)	42,370
Cash Flows from Noncapital Financing Activities				
Retirement of Bonds and Annuities Payable	(42,890)	-	-	(42,890)
Interest of Bonds	(8,550)	-	(1,398)	(9,948)
Transfers In	-	-	6,844	6,844
Transfers Out	-	(8,516)	-	(8,516)
Other Receipts (Payments)	(4,113)	-	-	(4,113)
Net Cash Flows from Noncapital Financing Activities	(55,553)	(8,516)	5,446	(58,623)
Cash Flows from Capital and Related Financing Activities				
Additions to Property, Plant and Equipment	(14)	(77)	-	(91)
Interest Paid on Capital Debt	-	(3,582)	-	(3,582)
Federal Grant	-	-	16,483	16,483
Other Receipts (Payments)	-	(14)	-	(14)
Net Cash Flows from Capital and Related Financing Activities	(14)	(3,673)	16,483	12,796
Cash Flows from Investing Activities				
Proceeds from Sales and Maturities of Investments	1,588	884	-	2,472
Interest on Investments	1,023	441	2,894	4,358
(Increase) Decrease in Restricted assets	-	-	(6,805)	(6,805)
Net Cash Flows from Investing Activities	2,611	1,325	(3,911)	25
Net Increase (Decrease) in Cash and Cash Equivalents	(4,518)	-	1,086	(3,432)
Cash and Cash Equivalents -Beginning of Year	16,177	-	59	16,236
Cash and Cash Equivalents -End of Year	11,659	-	1,145	12,804
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$47,136	\$9,858	\$(1,015)	\$55,979
Adjustments not Affecting Cash:				
Depreciation and Amortization	-	1,006	-	1,006
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	(285)	-	(15,917)	(16,202)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	1,555	-	-	1,555
(Increase) Decrease in Inventories and Other Assets	32	-	-	32
Total Adjustments	1,302	1,006	(15,917)	(13,609)
Net Cash Provided by (Used In) Operating Activities	\$48,438	\$10,864	\$(16,932)	\$42,370

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## *Internal Service Funds*

### *Correction Industries:*

to account for the revenues and expenses associated with the sale of goods resulting from the industrial activities of the inmates at correctional institutions.

### *Administrative Services:*

to account for the various services provided by the Department of Administrative Services to other agencies. For example, fleet operations, printing, etc.

### *Information Technology:*

to account for the various services provided by the Department of Information Technology to other agencies. For example, information systems support, telecommunications, etc.

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

State of Connecticut

Combining Statement of Net Assets  
Internal Service Funds

June 30, 2003  
(Expressed in Thousands)

Correction Industries	Information & Technology	Administrative Services	Total
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Database Results Error

The database connection named 'combining2' is undefined.

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[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

State of Connecticut

Combining Statement of Revenues, Expenses, and  
Changes in Fund Net Assets  
Internal Service Funds

June 30, 2003  
(Expressed in Thousands)

Correction Industries	Information & Technology	Administrative Services	Total
--------------------------	-----------------------------	----------------------------	-------

Database Results Error

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[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

State of Connecticut

Combining Statement of Cash Flows  
Internal Service Funds

June 30, 2003  
(Expressed in Thousands)

Correction Industries	Information Technology	Administrative Services	Total
--------------------------	---------------------------	----------------------------	-------

Database Results Error

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[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## *Pension and (Other Employee Benefit) Trust Funds*

### *Pension Trust Funds:*

See notes 11 and 12 for a description of the Pension Trust Funds.

### *Retired Teachers' Health Benefits Plan:*

to account for resources used to provide health benefits to retired teachers and their beneficiaries. The plan is administered by the Teachers' Retirement Board.

### *Policemen, Firemen Survivors' Benefits Plan:*

to account for resources used to provide benefits to the survivors of policemen and firemen. The plan is administered by the State Comptroller's Retirement Division.

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

State of Connecticut

Combining Statement of Fiduciary Net Assets  
Pension (and Other Employee Benefit) Trust Funds

June 30, 2003  
(Expressed in Thousands)

		Pension Trust				Other Employee Benefits			
State	State		Connecticut	Probate		Retired	Policemen,		
Employees	Teachers	Judicial	Municipal	Judges	Other	Teachers'	Firemen,	Survivors' Benefits	Total
			Employees			Health Benefits			

Database Results Error

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[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



# State of Connecticut

## Combining Statement of Changes in Fiduciary Net Assets Pension (and Other Employee Benefit) Trust Funds

June 30, 2003

(Expressed in Thousands)

	Pension Trust			Other Employee Benefits					
	State	State		Connecticut	Probate		Retired	Policemen,	
	Employees	Teachers	Judicial	Municipal	Judges	Other	Teachers'	Firemen,	Total
				Employees			Health Benefits	Survivors' Benefits	
Additions									
Contributions:									
Plan Members	\$50,953	\$204,965	\$1,407	\$11,879	\$296	\$28	\$35,801	\$297	\$305,626
State	421,452	179,824	10,126	-	-	-	11,367	-	622,769
Municipalities	-	3,491	-	15,959	-	-	-	-	19,450
Total Contributions	472,405	388,280	11,533	27,838	296	28	47,168	297	947,845
	650	660	680	700	710	670	505	515	
Investment Income	158,740	221,425	3,411	27,596	1,908	28	115	814	414,037
Less: Investment Expenses	(25,410)	(35,413)	(546)	(4,417)	(305)	(4)	-	(130)	(66,225)
Net Investment Income	133,330	186,012	2,865	23,179	1,603	24	115	684	347,812
	650	660	680	700	710	670	505	515	
Transfers In	-	-	-	-	1,369	-	-	-	1369
Other	494	-	-	-	-	3	-	-	497
Total Additions	606,229	574,292	14,398	51,017	3,268	55	47,283	981	1,297,523
Deductions	650	660	680	700	710	670	505	515	
Administrative Expense	310	-	8	11	-	-	1,112	-	1441
Benefit Payments and Refunds	702,879	825,554	14,436	61,007	2,271	46	45,139	763	1,652,095
Other	-	-	-	-	1,432	-	76	-	1,508
Total Deductions	703,189	825,554	14,444	61,018	3,703	46	46,327	763	1,655,044
Changes in Net Assets	(96,960)	(251,262)	(46)	(10,001)	(435)	9	956	218	(357,521)
Net Assets Held in Trust For									
Pension and Other Employee Benefits:									
Beginning of Year	7,093,403	10,103,419	125,287	1,187,322	60,934	698	17,732	16,816	18,605,611
End of Year	\$6,996,443	\$9,852,157	\$125,241	\$1,177,321	\$60,499	\$707	\$18,688	\$17,034	\$18,248,090

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Agency Funds

### *Insurance Companies' Securities:*

To account for securities that are deposited with the Treasurer to be held for policyholders of insurance companies as a prerequisite to such companies transacting business with the State.

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Combining Statement of Assets and Liabilities

### Agency Funds

June 30, 2003

(Expressed in Thousands)

	Fringe Benefit Clearing	Receipts Pending Distribution	Insurance Companies' Securities	State Institution Activity	Other	Total
<b>Assets</b>						
Cash and Cash Equivalents	\$1,926	\$12,082	\$-	\$18,184	\$123,458	\$155,650
Receivables:	720	730	745	760	780	
Accounts, Net of Allowances	-	300	-	168	-	468
From Other Funds	4,561	-	-	-	-	4,561
Interest	-	-	-	8	71	79
Inventories	-	-	-	881	-	881
Other Assets	-	-	557,431	5,980	-	563,411
<b>Total Assets</b>	<b>6,487</b>	<b>12,382</b>	<b>557,431</b>	<b>25,221</b>	<b>123,529</b>	<b>725,050</b>
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	-	474	-	92	258	824
Due To Other Funds	-	2	-	-	-	2
Other Liabilities	-	-	-	3,440	-	3,440
Funds Held for Others	6,487	11,906	557,431	21,689	123,271	720,784
<b>Total Liabilities</b>	<b>\$6,487</b>	<b>\$12,382</b>	<b>\$557,431</b>	<b>\$25,221</b>	<b>\$123,529</b>	<b>\$725,050</b>

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

State of Connecticut

Combining Statement of Changes in Assets and Liabilities  
Agency Funds

June 30, 2003  
(Expressed in Thousands)

Balance			Balance
July 1, 2002	Additions	Deletions	June 30, 2003

Database Results Error

The database connection named 'combining2' is undefined.

- This problem can occur if:
- \* the connection has been removed from the web
  - \* the file 'global.asa' is missing or contains errors
  - \* the root folder does not have Scripting permissions enabled
  - \* the web is not marked as an Application Root

Database Results Error

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[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## *Component Units*

### ***Connecticut Development Authority:***

the Connecticut Development Authority is a public instrumentality and political subdivision of the State. The Authority was created to stimulate industrial and commercial development within the State through its Self-Sustaining Bond Program, its Umbrella Program and its Insurance Program.

### ***Connecticut Higher Education Supplemental Loan Authority:***

the Connecticut Higher Education Supplementary Loan Authority is a public instrumentality and political subdivision of the State. The Authority was created to assist students, their parents and institutions of higher education to finance the cost of higher education through its bond funds.

### ***Connecticut Health and Educational Facilities Authority:***

the Connecticut Health and Educational Facilities Authority is a public instrumentality and political subdivision of the State. The Authority was created to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions.

### ***Capital City Economic Development Authority:***

the Capital City Economic Development Authority is a public instrumentality of the state. The authority was created in 1998 to use municipal and state financial resources for the purpose of building a variety of Hartford based projects ranging from facilities to accommodate the exhibition, hospitality and tourism industries to downtown residential housing.

### ***Connecticut Innovations, Incorporated:***

Connecticut Innovations is a public instrumentality and political subdivision of the State. It was established to stimulate and promote technological innovation and application of technology within Connecticut by providing financial technical assistance.

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

State of Connecticut

Combining Statement of Net Assets  
Nonmajor Component Units

June 30, 2003  
(Expressed in Thousands)

	Connecticut Higher Education Supplemental Loan Authority	Connecticut Health & Educational Facilities Authority	Connecticut Innovations, Incorporated	Capital City Economic Development Authority	Total
--	---	---	---	---	-------

Database Results Error  
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[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

State of Connecticut

Combining Statement of Activities  
Nonmajor Component Units  
June 30, 2003  
(Expressed in Thousands)

		Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
Functions/ Programs	Expenses	Charges for Services	Operating		Connecticut Development Authority	Connecticut Higher Education Supple- mental Loan Authority	Connecticut Health and Educa- tional Facilities Authority	Connecticut Innov- ations, Incorp- orated	Capital City Economic Develop- ment Authority	Totals
			Grants and Contrib- utions	Capital Grants and Contrib- utions						

Database Results Error  
The database connection named 'combining2' is undefined.

- This problem can occur if:
- \* the connection has been removed from the web
  - \* the file 'global.asa' is missing or contains errors
  - \* the root folder does not have Scripting permissions enabled
  - \* the web is not marked as an Application Root

[Combining Statements Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



# State of Connecticut

## General Governmental Expenditures By Function

Last Ten Fiscal Years

(Expressed in Thousands)

FUNCTION(1)	1994	1995	1996	1997	1998
1. Legislative	\$45,820	\$46,618	\$47,422	\$51,802	\$54,898
2. General Government	1,033,897	1,109,507	1,182,673	715,844	783,865
3. Regulation and Protection	395,662	397,131	415,308	414,873	417,537
4. Conservation and Development	227,024	263,748	221,383	264,742	263,327
5. Health and Hospitals	757,731	793,447	826,501	895,809	955,659
6. Transportation	350,413	352,160	358,144	359,716	342,637
7. Human Services	2,916,838	3,395,130	3,450,082	3,512,640	3,553,865
8. Education, Libraries, and Museums	2,258,516	2,339,278	2,420,982	2,445,732	2,581,568
9. Corrections	737,946	800,822	846,305	947,932	935,382
10. Judicial	229,108	241,690	271,571	304,686	320,727
11. Restricted Federal & Other Grants/Accounts (2)	1,008,904	922,518	875,430	679,559	779,670
12. Debt Service	972,368	1262,425	1,305,017	1,158,034	1,318,265
Total Expenditures	\$10,934,227	\$11,924,474	\$12,220,818	\$11,175,369	\$12,307,400

FUNCTION(1)	1999	2000	2001	2002	2003
1. Legislative	\$65,272	\$68,590	\$71,146	\$76,595	\$77,307
2. General Government	1,032,668	990,749	1,177,391	1,326,900	1,115,263
3. Regulation and Protection	476,469	523,746	553,871	607,074	558,710
4. Conservation and Development	303,994	355,407	425,544	428,254	402,655
5. Health and Hospitals	1,058,582	1,152,309	1,489,557	1,652,838	1,686,699
6. Transportation	383,175	400,502	601,342	576,857	537,797
7. Human Services	3,488,482	3,780,196	3,850,108	3,866,970	4,089,089
8. Education, Libraries, and Museums	2,840,361	3,142,268	3,541,240	2,980,853	3,041,345
9. Corrections	1,031,100	1,156,916	1,255,511	1,334,427	1,422,713
10. Judicial	359,925	407,675	467,947	532,774	546,154
11. Restricted Federal & Other Grants/Accounts (2)	654,243	813,100	-	-	-
12. Debt Service	1,356,817	1,491,013	1,339,226	1,420,190	1,512,310
Total Expenditures	\$13,051,088	\$14,282,471	\$14,772,883	\$14,803,732	\$14,990,042

(1) Includes General, Special Revenue, and Debt Service Funds.

(2) Beginning in FY 2001, Restricted Federal &amp; Other Grants/Accounts expenditures have been recorded in the correct function of government.

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Revenues by Source

Last Ten Fiscal Years

(Expressed in Thousands)

SOURCE (1)	1994	1995	1996	1997	1998
1. Taxes	\$6,436,828	\$6,822,277	\$7,339,263	\$7,611,339	\$8,130,258
2. Licenses, Permits, and Fees	425,480	418,660	429,803	447,333	471,996
3. Tobacco Settlement	-	-	-	-	-
4. Intergovernmental	2,641,448	2,734,163	2,830,481	2,782,901	2,853,800
5. Charges for Services	176,757	201,434	211,829	269,349	312,909
6. Fines, Forfeits, and Rents	33,226	37,145	25,359	31,356	35,019
7. Casino Gaming Payments	-	-	-	-	-
8. Restricted Federal & Other Grants/Accounts (2)	-	-	-	-	-
9. Investment Earnings	62,218	74,574	73,235	90,689	106,040
10. Lottery	552,992	670,801	706,860	-	-
11. Miscellaneous	262,590	228,624	192,358	180,458	173,649
Total Revenues	\$10,591,539	\$11,187,678	\$11,809,188	\$11,413,425	\$12,083,671

SOURCE (1)	1999	2000	2001	2002	2003
1. Taxes	\$8,336,873	\$8,844,733	\$9,196,056	\$8,278,340	\$8,727,502
2. Licenses, Permits, and Fees	483,220	455,531	510,104	551,369	524,998
3. Tobacco Settlement	-	149,960	112,535	139,968	137,915
4. Intergovernmental	2,258,276	2,388,127	3,279,026	3,328,281	3,550,576
5. Charges for Services	59,102	76,929	77,573	61,047	92,922
6. Fines, Forfeits, and Rents	53,695	62,354	68,931	71,039	99,909
7. Casino Gaming Payments	288,532	318,986	332,418	368,954	387,255
8. Restricted Federal & Other Grants/Accounts (2)	654,243	818,070	-	-	-
9. Investment Earnings	95,324	105,247	120,136	75,280	42,620
10. Lottery	-	-	-	-	-
11. Miscellaneous	190,851	217,483	329,797	292,742	359,229
Total Revenues	\$12,420,116	\$13,437,420	\$14,026,576	\$13,167,020	\$13,922,926

(1) Includes General, Special Revenue, and Debt Service Funds.

(2) Beginning in FY 2001, Restricted Federal &amp; Other Grants/Accounts revenues have been recorded in the correct revenue source.

NOTE: Beginning in 1997, the Lottery revenues are no longer reported under Special Revenue Funds, but are included in the Enterprise Funds.

SOURCE: Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

State of Connecticut

Computation of Legal Debt Margin

November 1, 2002

(Expressed in Thousands)

Estimated General Fund Tax Receipts for November 20, 2002	\$8,147,500
Factor	1.6
Statutory Debt Limit for Debt Incurred	13,036,000
Less: Authorized Bonds, Notes, and Other Obligations subject to certain limitations.	11,724,239
Legal Debt Margin	\$1,311,761

SOURCE: State of Connecticut General Obligation Bonds Offering Statement  
Dated December 1, 2002

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Net General Long-Term Bonded Debt Per Capita

Last Ten Fiscal Years

(Thousands, except for net debt per capita)

YEAR	POPULATION	GENERAL LONG-TERM DEBT			
		TOTAL DEBT	LESS DEBT SERVICE AVAILABLE	NET	NET DEBT PER CAPITA
1994	3,316	\$7,927,705	\$489,584	\$7,438,121	2,243
1995	3,324	8,516,066	420,163	8,095,903	2,435
1996	3,337	9,200,672	455,740	8,744,932	2,620
1997	3,349	9,548,618	476,731	9,071,887	2,708
1998	3,365	9,719,236	498,418	9,220,818	2,740
1999	3,386	10,093,823	739,327	9,354,496	2,762
2000	3,406	10,291,418	539,525	9,751,893	2,863
2001	3,435	10,830,356	575,512	10,254,844	2,985
2002	3,461	11,702,339	680,041	11,022,298	3,184
2003	3,479	\$2,641,404	\$631,475	\$12,009,929	3,452

NOTE: Population for 2003 is estimated

SOURCES: U.S. Census Bureau  
Balance Sheet-Governmental Funds

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Ratio of Annual Debt Service General Bonded Debt To Total General Expenditures

Last Ten Fiscal Years

(Expressed in Thousands)

YEAR	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTAL GENERAL EXPENDITURES	RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES
1994	\$404,921	\$387,722	\$792,643	\$10,934,227	7.2%
1995	560,746	438,172	998,918	11,924,474	8.4%
1996	523,090	448,880	971,970	12,220,818	8.0%
1997	597,819	470,744	1,068,563	11,751,369	9.1%
1998	731,968	500,529	1,232,497	12,307,400	10.0%
1999	755,628	520,304	1,275,932	13,051,088	9.8%
2000	742,584	540,748	1,283,332	14,282,471	9.0%
2001	789,523	549,703	1,339,226	14,772,883	9.1%
2002	824,825	599,795	1,424,620	14,803,732	9.6%
2003	904,658	613,181	1,517,839	14,990,042	10.1%

SOURCE: Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Revenue Bond Coverage Bradley International Airport

Last Ten Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUES(1)	DIRECT OPERATING EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
1994	\$34,355	\$18,966	\$15,389	\$2,295	\$7,275	\$9,570	1.61
1995	40,217	18,757	21,460	2,455	7,104	9,559	2.25
1996	38,313	20,575	17,738	2,630	6,919	9,549	1.86
1997	38,794	19,746	19,048	2,820	6,718	9,538	2.00
1998	46,432	19,396	27,036	3,030	6,502	9,532	2.84
1999	48,133	21,242	26,891	3,240	6,268	9,508	2.83
2000	55,888	21,815	34,073	3,480	6,084	9,564	3.56
2001	53,364	24,688	28,676	6,785	8,291	15,076	1.90
2002	54,712	27,838	26,874	3,860	11,609	15,469	1.74
2003	56,286	31,254	25,032	5,775	10,156	15,931	1.57

(1) Includes Operating and Non-Operating Revenues.

(2) Includes Operating Expenses Less Depreciation, &amp; Interest Expenses.

SOURCES: Bradley International Airport Financial Statements

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Revenue Bond Coverage Bradley Parking Garage

Last Ten Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUES(1)	DIRECT OPERATING EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
2002	17,498	11,691	5,807	-	3,575	3,575	1.62
2003	20,474	9,169	11,305	-	3,582	3,582	3.16

(1) Includes Operating and Non-Operating Revenues.

(2) Includes Operating Expenses Less Depreciation, &amp; Interest Expenses.

SOURCE: Combining Statement of Net Assets

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



# State of Connecticut

## Revenue Bond Coverage

### Higher Education

Current Fiscal Year

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUES(1)	DIRECT OPERATING EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
2002	1,999,018	1,755,980	243,038	46,052	8,290	54,342	4.47
2003	2,100,229	1,840,553	259,676	55,061	10,724	65,785	3.95

(1) Includes Operating and Non-Operating Revenues and Transfers In.

(2) Includes Operating Expenses Less Depreciation, & Interest Expenses.

SOURCE: Higher Education Financial Statements

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Revenue Bond Coverage

### Second Injury & Compensation Assurance

Current Fiscal Year

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUES(1)	DIRECT OPERATING EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
2002	112,608	50,654	61,954	50,830	10,581	61,411	1.01
2003	96,107	48,100	48,007	42,890	7,455	50,345	0.95

(1) Includes Operating and Non-Operating Revenues

(2) Includes Operating Expenses Less Depreciation and Interest Expenses.

SOURCE: Treasurer's Report

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Revenue Bond Coverage

### Clean Water

Current Fiscal Year

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUES(1)	DIRECT OPERATING EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
2002	48,471	986	47,485	31,040	29,917	60,957	0.78
2003	50,566	804	49,672	27,050	28,031	55,681	0.89

(1) Includes Operating, Non-Operating Revenues and Federal Grants

(2) Includes Operating Expenses Less Depreciation and Interest Expenses.

SOURCE: Clean Water Financial Statements

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Revenue Bond Coverage

### Drinking Water

Current Fiscal Year

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUES(1)	DIRECT OPERATING EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
2002	9,366	1,541	7,825	-	1,375	1,375	5.69
2003	18,888	1,946	16,942	-	1,375	1,375	12.32

(1) Includes Operating, Non-Operating Revenues and Federal Grants

(2) Includes Operating Expenses Less Depreciation and Interest Expenses.

SOURCE: Drinking Water Financial Statements

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Bank Deposits

Last Ten Fiscal Years

(Expressed in Thousands)

TOTAL AS OF:	BANK DEPOSITS
1994	\$54,836,057
1995	\$53,640,331
1996	\$39,120,816
1997	\$38,936,046
1998	\$33,754,043
1999	\$33,149,787
2000	\$34,747,254
2001	\$35,592,017
2002	\$37,709,058
Sept. 2003	\$39,484,377

NOTE: For the years 1994 - 1996, bank deposits for credit unions were not included.

The reduction in deposits in 1996 can be attributed to out of state bank mergers: Deposits with banks not headquartered in Connecticut are no longer included.

SOURCE: Department of Banking

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Seasonally Adjusted Non-Farm Employment & Earnings Share for Connecticut Industry (1993 & 2003)

INDUSTRY	EMPLOYMENT	EMPLOYMENT	EARNINGS	EARNINGS
	% 1993	% 2003	% 1993	% 2003
Mining	0.8	0.7	0.05%	0.04%
Construction	48.4	60.2	3.24%	3.75%
Manufacturing	256.6	200.6	17.17%	12.51%
Trade, Transp. & Utilities	288.9	306	19.33%	19.09%
Financial Activities	139	143.1	9.30%	8.93%
Prof. & Business Services	167.6	198.8	11.21%	12.40%
Education & Health Services	218.9	266.7	14.65%	16.63%
Leisure & Hospitality	103.1	124	6.90%	7.73%
Other Services	58.8	62.6	3.93%	3.90%
Government	212.6	240.6	14.22%	15.01%

NOTE: Employment figures are seasonally adjusted except for Mining and Leisure & Hospitality for which adjusted figures are not reported. Employment totals represent year end except for 2003, which is based on October data.

SOURCE: Bureau of Labor Statistics

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Total Non-Farm Payroll Employment for Connecticut and the United States (Seasonally Adjusted, in Thousands)

YEAR	EMPLOYMENT CONNECTICUT	EMPLOYMENT UNITED STATES	% CHANGE CONNECTICUT	% CHANGE UNITED STATES
1993	1,528.4	110,660.0		
1994	1,546.8	114,139.0	1.2%	3.1%
1995	1,557.9	117,189.0	0.7%	2.7%
1996	1,585.5	119,647.0	1.8%	2.1%
1997	1,611.5	122,642.0	1.6%	2.5%
1998	1,642.4	125,846.0	1.9%	2.6%
1999	1,666.8	128,845.0	1.5%	2.4%
2000	1,696.1	131,871.0	1.8%	2.3%
2001	1,682.4	132,064.0	-0.8%	0.1%
2002	1,672.1	130,383.0	-0.6%	-1.3%
2003	1,653.0	129,903.0	-1.1%	-0.4%

NOTE: Employment change represents percent change from the same period of the prior year.

SOURCE: Bureau of Labor Statistics.

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Total Labor Force and Unemployment Rate for Connecticut and the United States (Seasonally Adjusted, in Thousands)

YEAR	LABOR FORCE CONNECTICUT	LABOR FORCE UNITED STATES	UNEMPLOYMENT CONNECTICUT	UNEMPLOYMENT UNITED STATES
1993	1,785,853	129,411,000	6.4%	7.0%
1994	1,733,025	130,561,000	5.5%	6.1%
1995	1,706,068	131,949,000	5.5%	5.6%
1996	1,720,454	133,697,000	5.7%	5.3%
1997	1,726,573	136,211,000	5.3%	5.0%
1998	1,706,116	137,455,000	3.2%	4.5%
1999	1,702,018	139,383,000	3.3%	4.3%
2000	1,790,050	142,624,000	2.2%	4.0%
2001	1,752,688	143,395,000	3.3%	4.6%
2002	1,771,243	144,852,000	4.2%	5.8%
2003	1,781,359	147,096,000	4.9%	6.4%

SOURCE: Bureau of Labor Statistics.

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



# State of Connecticut

## Per Capita Personal Income for Connecticut and the United States

YEAR	CONNECTICUT	UNITED STATES	% ABOVE THE UNITED STATES
1992	\$28,412	\$20,960	35.6%
1993	\$29,272	\$21,539	35.9%
1994	\$30,092	\$22,340	34.7%
1995	\$31,381	\$23,255	34.9%
1996	\$32,773	\$24,270	35.0%
1997	\$34,759	\$25,412	36.8%
1998	\$37,108	\$26,893	38.0%
1999	\$38,560	\$27,880	38.3%
2000	\$41,446	\$29,760	39.3%
2001	\$42,377	\$30,413	39.3%
2002	\$42,829	\$30,832	38.9%

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Real Median Household Income for Connecticut and the United States (in 2001 CPI-U adjusted dollars)

YEARS	CONNECTICUT	UNITED STATES	% ABOVE THE UNITED STATES
1991	\$53,428	\$38,183	39.9%
1992	\$50,498	\$37,880	33.3%
1993	\$47,671	\$37,688	26.5%
1994	\$48,555	\$38,119	27.4%
1995	\$46,419	\$39,306	18.1%
1996	\$47,313	\$39,869	18.7%
1997	\$48,376	\$40,699	18.9%
1998	\$50,441	\$42,173	19.6%
1999	\$53,741	\$43,228	24.3%
2000	\$51,572	\$43,162	19.5%
2001	\$53,347	\$42,228	26.3%

NOTE: 2001 was the latest year of data available at this writing

SOURCE: U.S. Census Bureau.

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Total Personal Income Growth Rates and Dollar Amounts (000) Connecticut and the United States

YEAR	% GROWTH CONNECTICUT	% GROWTH UNITED STATES	AMOUNT (000) CONNECTICUT	AMOUNT (000) UNITED STATES
1992			\$93,778,706	\$5,376,622,000
1993	3.3%	4.1%	96,866,466	5,598,446,000
1994	3.0%	5.0%	99,787,807	5,878,362,000
1995	4.5%	5.3%	104,315,124	6,192,235,000
1996	4.8%	5.6%	109,353,546	6,538,103,000
1997	6.5%	6.0%	116,420,559	6,928,545,000
1998	7.3%	7.1%	124,880,308	7,418,497,000
1999	4.6%	4.9%	130,579,049	7,779,521,000
2000	8.3%	8.0%	141,413,202	8,398,871,000
2001	2.9%	3.3%	145,547,796	8,677,490,000
2002	1.8%	2.5%	148,211,074	8,891,093,018

Source: Bureau of Economic Analysis

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Connecticut Population Statistics (In Thousands)

YEAR	TOTAL POPULATION	% GROWTH FROM PREVIOUS YEAR
1992	3,301	
1993	3,309	0.2%
1994	3,316	0.2%
1995	3,324	0.2%
1996	3,337	0.4%
1997	3,349	0.4%
1998	3,365	0.5%
1999	3,386	0.6%
2000	3,406	0.6%
2001	3,435	0.9%
2002	3,461	0.8%

SOURCE: U.S. Census Bureau.

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Top Twenty Employers

2003 RANK	NAME	HEADQUARTERS	TOTAL EMPLOYEES
1	Foxwood Resort Casino	Ledyard	12,000
2	Aetna, Inc.	Hartford	10,000
3	Pratt & Whitney	E. Hartford	9,000
4	Yale University	New Haven	9,000
5	Mohegan Sun Casino	Uncasville	9,000
6	Connecticut State University	Willimantic	9,000
7	Hartford Financial Services	Hartford	8,000
8	Travelers Insurance Co.	Hartford	8,000
9	Travelers Property Casualty	Hartford	7,000
10	Hartford Hospital	Hartford	6,000
11	Mass. Mutual Co.	Hartford	5,000
12	Yale New Haven Hospital	New Haven	5,000
13	University of Connecticut	Storrs	5,000
14	Hamilton Sundstrand	Windsor Locks	5,000
15	Sacred Heart University	Fairfield	4,000
16	Saint Francis Hospital	Hartford	4,000
17	Pioneer Valley Medical	Enfield	3,860
18	Pfizer, Inc.	Groton	3,800
19	UCONN Health Center	Hartford	3,116
20	Hartford Life Inc	Hartford	3,100

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Major Revenue Sources - General Fund

Last Ten Fiscal Years

(Millions)

FISCAL YEAR	SALES & USE TAX	% OF TOTAL REVENUE	PERSONAL INCOME TAX	% OF TOTAL REVENUE	CORPORATION TAX	% OF TOTAL REVENUE
1994	\$2,181.4	27.6%	\$2,517.7	31.8%	\$703.5	8.9%
1995	2,368.1	27.9%	2,589.9	30.6%	724.7	8.6%
1996	2,460.1	27.0%	2,879.4	31.6%	748.1	8.2%
1997	2,611.5	27.3%	3,110.9	32.5%	677.9	7.1%
1998	2,772.1	27.3%	3,596.2	35.5%	663.7	6.5%
1999	2,932.2	25.8%	3,820.8	33.6%	619.5	5.5%
2000	3,096.8	25.5%	4,238.2	34.9%	587.8	4.8%
2001	3,125.1	24.3%	4,744.2	36.8%	550.5	4.3%
2002	2,997.6	25.1%	4,265.9	35.7%	381.0	3.2%
2003	3,025.7	22.8%	4,263.1	32.1%	508.0	3.8%

SOURCE: Annual Report of the State Comptroller ([Schedule B-2](#))

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Sales and Use Tax - Major Industrial Categories

June 30, 2003

(Millions)

INDUSTRY	TAX	PERCENT
Construction	\$104.6	3.7%
Manufacturing	178.8	6.3%
Wholesale	155.6	5.4%
Retail:		
Hardware	148.8	5.2%
General Merchandise	141.3	4.9%
Food Products	117.6	4.1%
Auto Products	384.2	13.4%
Apparel	42.1	1.5%
Home Appliances & Furnishings	128.2	4.5%
Eating & Drinking Establishments	194.2	6.8%
Miscellaneous Shopping Stores	316.3	11.1%
Business	445.3	15.6%
All Other Businesses	500.9	17.5%
Total Sales & Use Tax	\$2,857.9	

NOTE: The figures shown are based on returns filed on a timely basis and do not include audits or late returns.

SOURCE: Department of Revenue Services

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)

# State of Connecticut

## Miscellaneous Statistics

June 30, 2003

Date of Ratification	January 9, 1788
Form of Government	Legislative - Executive - Judicial
Miles of State Highway	4122
Land Area	5,009 Square Miles
State Police Protection:	
Number of Stations	12
Number of State Police	1,190
Higher Education (Universities, Colleges and Community Colleges):	
Number of Campuses in State	22
Number of Educators	3,508
Number of Students	106,837
Recreation:	
Number of State Parks	93
Area of State Parks	33,449 Acres
Area of State Forests	167,504 Acres
Employees:	
Full-Time	48,707
Part-Time (Permanent)	2,898

SOURCE: Connecticut State Register and Manual

[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)



# State of Connecticut

## Office of the State Comptroller Organization

Nancy Wyman

*State Comptroller*

Mark E. Ojakian

*Deputy Comptroller*

### MANAGEMENT SERVICES DIVISION

Bernard McLoughlin

*Director*

### RETIREMENT & BENEFIT SERVICES DIVISION

Steven Weinberger

*Director*

### POLICY SERVICES DIVISION

Brenda Halpin

*Director*

### ACCOUNTS PAYABLE DIVISION

Mark Aronowitz

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### INFORMATION TECHNOLOGY DIVISION

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[Statistical Section](#) | [Table of Contents](#) | [Index of Comptroller's Reports](#) | [Comptroller's Home Page](#)